● SUNDAY TIMES
business news

8 POINTS TO CURE THE JOBLESS TRAGEDY

T IS NOW too late for the Government to do much about this winter's tragic unemployment. But what can do if the new number—1 million—not to be a permanent blot on the economic landscape? The Sunday Times itself has persistently urged an expansionary economic policy, even after this July's mini-Budget; in the last few months a special series of articles showed how this year's unemployment was more serious than any since the war, not just because the numbers were greater, but also because any recovery will require fewer new recruits than previous spells of growth.

Here we present eight Business News ideas for action:

Private investment is now at its lowest ebb for years. Businessmen have no confidence in a sustained recovery—and have plenty of capacity to deal with foreseeable growth for years to come anyway. Three ways of getting private investment moving.

● Free depreciation on newly-bought plant and equipment, with no limitations as to industry or area. But free depreciation only for a limited period—till the beginning of 1973, when Common Market entry should bring a new boost.

● To help the regions. Allow companies to reduce their tax bill by the amount they invest in depressed areas.

● Take a lesson from the Coventry shop-stewards who wanted to smash old machine tools, to encourage the purchase of new ones. Let the State buy old ones at inflated prices from companies who buy new ones. Of course there would be fiddles. So what!

● In the public sector spend on the many schemes now just waiting to be implemented by nationalised industries. Electrify all the lines the railways want to improve; get new power stations under way; a major new steel works or two—one for the North East, one for Scotland. Prepare our ports for entry into Europe.

● Social spending: take the present depression as an opportunity to replenish the country's social capital. And for once spend big, spend soon and spend with the central government's money.

● In the short term—allow local authorities to bring out now all their small capital-spending proposals, and arrange emergency finance by the Treasury to give them the money. This would allow a start on school extensions, minor road works, better sewerage, improved lighting.

On a longer view thousands of secondary schools need rebuilding. Do it now. Millions of houses need to be improved or built with public money. Hundreds of hospitals still date from Florence Nightingale. Replace them.

● Social services: recognise that men and women who have worked for 40 years are unlikely to get new jobs and deserve well by the community. Pay them pensions; and improve pensions for everyone, as the surest way of getting consumer spending going.

● There are tens of thousands of qualified people out of work, so improve the training and staffing of everyone in the public services. Not more civil servants. But more—and better paid—teachers, nurses, hospital administrators.

It goes against the Tory grain to spend and spend and spend again. But only direct action by the central government can speed up the economy when the private sector has no confidence.

TRUST HOUSES FORTE

Crowther declares war

BY AZIZ KHAN-PANNI

PEN WAR has now been declared in the quarrel between the Trust Houses and Forte factions in Britain's largest hotels group, Trust Houses Forte.

This weekend, Lord Crowther broke his public silence with a harsh attack on Sir Charles Forte personally and his management methods. Among the points he raised were:

● That Sir Charles Forte is attempting to purge the Trust Houses directors.

● That Sir Charles had begun the quarrel with the opportunist backlog of Michael Pickard, the former TH managing director, at a time when the absence of a TH director abroad gave the Forte side a temporary majority.

● That it was Sir Charles who was the aggressor when he refused to abide by the compromise agreement, following Pickard's removal, to run the two groups on an autonomous basis until new and acceptable arrangements could be agreed.

● That TH directors are alarmed by Forte management methods.

"The issue between the two sides of the board," he told me, "is not just a personal squabble. If it were, it would have been settled long ago. It is about fundamental principles of management, efficiency and behaviour. Nor is it confined to the boardroom. Many of the Trust Houses executives view with alarm and despondency the prospect of being permanently subjected to Forte management, the nature of which they are now able to observe at first hand.

"Nobody deplores the harm that the dispute is doing to the company more than I do. I wish it could be determined at once. The difficulty is that the Trust Houses directors have no means of bringing it to a head before the annual general meeting next April. It is all very well for Sir Charles to say that if only we would stop quarrelling with him, everybody would be happy. That has been the cry of the aggressor all through history. He springs an attack, gains something, and then says 'Why can't we be friends.'

"There have been repeated suggestions from the Forte side that the best way to end the fight would be for the Trust Houses directors to resign. Why should we? It is not we who have divided the board, or taken advantage of chance majorities to make fundamental changes in arrangements specifically agreed at the time of the merger.

"None of the matters that have caused contention in the board—not one—has been raised by us. They have all been started by the Forte side—usually without any notice. And I am sure that there are more coming, as Mr Pickard is not the only person that Sir Charles is determined to get rid of on one pretext or another.

"As for myself, I am increasingly impatient to retire, but I shall not do so at the sacrifice of principle. The agreement made at the time of the merger that I would resign in favour of Sir Charles Forte next May was tied to another agreement that Mr Pickard should be group managing director, which Sir Charles has broken. So I consider myself quite free to decide when the time comes.

"As for the possibility of splitting the company back into its original components, it was suggested by one of our professional advisers that a divorce might be possible, and members of the Council [a group of trustees who control 50% of the votes in Trust Houses Forte] also showed a great interest in the idea. I thought it was my duty as chairman to see that anything that might lead to an amicable and satisfactory solution was examined. But personally I have never attached any great hopes to it, if only for the reason that it would obviously have to be agreed by all parties. And in any case, I don't yet know whether the experts think it is technically feasible."

This follows a week of controversy during which leaked reports to newspapers had suggested that Lord Thorneycroft, a Trust Houses Forte director, would be willing to accept Sir Charles' nomination as chairman. Sir Charles himself was not available to comment on Lord Crowther's statement. But the former Forte managing director, Eric Hartwell, an old associate of Sir Charles, maintained that "it was absurd to suggest that disagreement ran right through the company. Apart from two executives, the TH management are right behind Sir Charles in his efforts to run a successful company. All we want is to be left in peace to get on with the job."

"On a clear day I can see equality"

Shock facts about equal pay

With equal pay just four years away, the earnings of Britain's women are still trailing far behind those of men. And if they add up their pay packets, many women will find themselves actually worse off, relatively, than they were when Barbara Castle brought in the Equal Pay Act last year.

On page 65 VINCENT HANNA starts a two-part series on equal pay and reveals:

● THE NEW INDUSTRIAL APARTHEID: how women are segregated to save money.

● THE EQUAL PAY ACT SWINDLE: seven ways of cheating female workers within the law.

● FRINGE BENEFIT FIDDLES: how Britain's women lose out under private pension and sick pay schemes.

● AN EXCLUSIVE SURVEY of 44 of Britain's top companies to discover what is really happening in the equal pay race

US to raise gold price next month

BY MALCOLM CRAWFORD and GODFREY HODGSON

HIGHLY authoritative sources in Washington are now confident that President Nixon will announce an increase in the price of gold of between 6% and 8% before the end of the year. Although US Treasury officials are still trying to persuade Treasury Secretary John Connally not to do so, the decision is mainly Connally's, and the signs are flashing clearly that this is the quickest and surest way of bringing about the realignment of exchange rates the US requires.

Although a rise in the gold price is the method of devaluation enshrined in International Monetary Fund rules, the US has not done this, partly because of the Treasury's fears of how it would influence the future behaviour of foreign central banks (it might stoke their tendency to hoard gold) and partly because they did not believe it would bring off the rate realignment desired. Private discussions have lately revealed much less to fear on both these counts than there was three months ago.

It is now clear that if the US raises the dollar price of gold by up to 8%, no European country of any importance will counter-devalue. A rise of 8% would mean official gold at $37.80 (though this will remain theoretical, as the gold window will not be re-opened), and the pound sterling at $2.5920.

Key European countries have agreed that they will not undercut each other if the US does this. But some, notably France, are unwilling to let their currencies rise unless the US is seen to be taking the initiative. For this reason, currency experts are describing the proposed increase as a "purely cosmetic" increase in the price.

The yen would still be required to rise by a larger amount. Japan is said to have proposed a rise of 10%, with a wider band that would permit an increase in the actual rate (above the old par value) of 12½%. The US is holding out for more.

Suicide hits Swedish merger

THE CONTROVERSIAL merger of Sweden's two most influential banks, the Enskilda Bank and the Skandinaviska Banken may not go through as a result of the assumed suicide of Marc Wallenberg, managing director of Enskilda, revealed this weekend.

He was largely instrumental in the plans to merge the two powerful banks. These plans were at the time bitterly opposed by his father Marcus Wallenberg and others who felt the combination might have too much influence on industry.

Barclaymoan

MR BELL of Sheffield read the Shop story about bank loans and went along to his local Barclays to ask for one. He doesn't have an account there, but then Barclays make rather a lot of fuss about the fact that in their case that isn't necessary. Or rather, Barclays' head office says it isn't necessary. The bank manager Mr Bell saw in Sheffield wrote: "If you are prepared to open a current account into which your salary would be received each month, we will proceed further with your application."

So what's all this about Barclay loans being available to non-customers? Head office says each loan is a matter for the discretion of the local manager, and they can't force the Sheffield branch to support the bank's declared policy if he doesn't want to. Which is little consolation to Mr Bell, or anyone else misled by Barclays' offer.

Sleep longer

IF YOU'RE thinking of buying a new bed, don't be caught out by the change to metric sizes and find that none of your sheets and blankets will fit it. Beds went metric at the Earl's Court furniture show in February, and although the old standard 3ft and 4ft 6in sizes are still being made, they have been renamed 'small sizes' and the new standards are 100cms by 200cms (3ft 3⅜in by 6ft 6⅜in) and 150 cms by 200 cms (4ft 11¼in by 6ft 6⅜in). The change in width may not be too much of a problem, but there could be a draughty difference around your toes.

The bedding manufacturers have been slower to follow suit. The buyer at John Lewis says he has yet to meet a manufacturer working on a metric scale, though his shops do stock sheets, measured in inches, that will fit the new beds. And Heal's buyer points out sadly that though Mary Quant's 1970 range of bed linens has now been brought out in sizes to fit the giant beds, her 1971 range is still in the old standard sizes. It's a pity the most up-to-date beds (and manufacturers report a swing towards larger beds of up to 20% in the past three years) can't be matched by the latest in linens.

SHOP!

Edited by BRENDA JONES

Put up more flags

YOU MAY be surprised as I was to learn that people are having great difficulty in buying Union Jacks. At least, so Mr. D. G. Thomas says, and he should know since he works for George Tutill Ltd., makers of flags and banners. Every day, apparently, he gets desperate phone calls from people wanting flags to pin on the wall, flags for shirts, bikinis and bedspreads, flags for Mormon missionaries ("regular purchasers" says Mr Thomas), and American cousins.

Well, if you've been kept awake by this patriotic problem, your search is at an end. Tutill send flags of wool bunting, or wool and nylon, roped and toggled ready for flying, by post. A 3ft. by 1ft. 6in. flag costs £2.15 (wool) or £2.65 (wool and nylon); 4ft. 6in. by 3ft. 9 in. is £3 or £3.70 and the 6ft. by 3ft. superflag is £4.25 or £5.30, from 9 Higham Road, Chesham, Bucks.

You can sit down now.

Mushroom cloud

THESE ARE sad times for mushroom fanciers. The autumn crop is down by 20% to 30% and shoppers are having to pay at least 10p a ¼lb in most shops. Covent Garden wholesalers who normally get top quality mushrooms for 17½p to 22½p are having to pay 25p to 32½p, and finding them difficult to come by even at that price.

Growers blame a number of factors. A shortage of wheat straw is one: this has forced them to grow their mushrooms in corn straw and they don't crop as well in this. But the main culprit is the unusually dry weather. Although mushrooms are grown under cover, it is difficult to maintain the right humidity in dry spells and September had only 35% of its normal rainfall this year, October 77%. November's rains have brought an improvement, but as a crop takes 10 to 11 weeks to grow, supplies are unlikely to be back to normal before the new year.

No match

ONE OF the advantages of buying storage furniture in units should be that you can add matching pieces as your needs and pocket dictate. But a reader reports a different experience with Stag's Opus range. She ordered new cupboards, and found them 1½ inches taller than her old ones. She sent them back, but is disappointed that she can't now go on in the same style.

The reason for the change, says the manufacturer, was a change in purchase tax legislation a couple of years ago which exempted furniture over 7ft 6in high, without top, back or end, from purchase tax. The Opus range at that time measured 7ft 4½in so it was heightened to take advantage of the exemption.

Stocks of the old sizes were kept for about three months, but there are none left now, even though the purchase tax law has changed again and wiped out the benefit. So if you're thinking of adding to your Opus range, it's worth running a tape measure over it first. And if you're buying unit furniture of any sort, it's worth checking with the manufacturer before you start to see how long he intends to keep it available.

Cheap and skinny

BACK IN April I wrote about the difficulty of finding shoes for narrow feet and lamented that Elliott's shoes were beyond the reach of many people. Well, they took my words to heart, and this week they launched a new range of cheaper skinny-fitting shoes, to be sold at their Regent Street branch. They have aimed to centre the prices around £6.95—casual suedes start at £4.95, court shoes at about £8.95. Still not cheap—but they are all leather and look marvellous.

business news City, investment, money

The only thing that's dry is the company's coffer

NEW ISSUES

FOR A FIRM first started back in 1825, it takes a terrible hunger for cash to produce a public floatation. Arthur Bell, distiller of the biggest (if shortest) name in Scottish whisky, is very hungry indeed.

In 1970, the year when the giant Distillers Company forced a price war in whisky which sent the profits of firms like Teachers and Long John crashing, Bells paid out £390,000 in interest charges on its development programme. That, with lost sales and lost margins in the rearguard action against Distillers, sent pre-tax profits down to £1.03 million, their lowest ebb since 1962. Bells looked to be in trouble.

The profit forecast in the offer documents now promises a £1.8 million profit in 1971, the highest ever. But when a firm goes public for such obvious reasons—it can hardly afford the cost of being in debt any longer—the 14.2 P/E which bankers Morgan Grenfell put on Bells at 130p a share begins to look nothing more than reasonable.

Historic P/Es in the sector are inflated by last year's profit crash; depressed earnings have to be balanced against the hope of much better things. Without that £3.13 million it stands to make from the issue, all the booming Christmas sales you care to add would hardly make Bells an attractive buy.

In Scotland, Bells leads the whisky market; a March survey revealed that 34% of the people who favour a particular brand of whisky chose Bells. The nearest rival had around 11%. Bells produces a surplus of malt whisky—only 40% goes into its own blends. It buys in all the grain whisky in its blended product. It exports 51% of its production, with only a quarter of that going to North and South America. Its share of the US market, where Scotch is still fashionable despite the threat of the newly blended American light whisky, is very small.

So Bells has a strong home market, and tremendous potential for expansion in the US—where its agents are spending $1 million this year to boost recognition of the Bells name. It has only a small interest in the increasingly popular "single malt" whisky—the whisky which is not a mix of ingredients, but a pure whisky distilled from malt in one place. Bells managing director Ray Miquel says that: "Less than 5% of the whisky market in the UK and Europe is for straight malts. All this other talk about lighter spirits—we don't even listen to it."

Bells will hope to avoid a repeat of last year's price war when Bells jumped first with a price increase in April, Distillers announced in summer an October price rise, then Bells was forced into price cuts in September to block the massive buying of Distillers stock for Christmas sales. "I have no bitter thoughts about what happened last year," Miquel says. But, in the fragmented whisky industry, the rivalries are bitter enough to make the same sort of price war feasible again. Last year, Distillers' marketing tactics were enough to knock Bells' turnover by 20%.

The charity that has controlled Bells up to now—the Gannochy Trust whose good works stretch from student hostels to old people's homes—is giving up control of Bells. After the issue, it will hold only 49%. Bells' plans for a 10% growth each year seem realistic—but only if it can avoid price wars. Production capacity is vast, the brunt of the capital expenditure programme has been borne, and the issue makes the gearing less spectacular. If you are prepared to accept the risk that Bells, with no acquisition plans and no interest in the single malt business beyond its present holdings, will be left behind in the merger game the Scotch people now play enthusiastically, this could be a good buy. It has almost delivered the profits that justify that low P/E already, and at 130p, in the tradition of famous name companies, the issue should attract plenty of money from the customers.

Also next week, Longton Transport comes to market, from the ICFC stable that spawned the spectacularly successful Francis Parker building share. This one is far more stolid, a transport business which now finds 46% of its profit in steel stockholding, and plans to expand that way. Its £377,000 profit forecast produces an 11.8 P/E which reflects a solid business with no glamour to speak of. Longton is the old reliable of the week.

LASTLY, having fought the good fight, I cannot deny a word of congratulation to Bob Tanner and Peter Whitfield, the disappearing Clubmen whose return to the stock market has proved as triumphant as I ruefully predicted. After massive oversubscription for shares in their Orme Developments, they ended Wednesday's first day dealings at 102p against the 70p issue price and followed through to end the week at 118p, reminiscent of the heady days of 1968.

Michael Pye

INDICATOR	PROFITS	DIVIDENDS	MAIN INDICES
Last week	£4.0m (−12.8%)	Up: 37 Down: 7 Same: 26	The Times Industrial Share Index 160.85 (+5.06 on the week) The Dow Jones industrial average 810.67 (−29.62 on the week)
Last 52 weeks	£5.037m (+4.6%)	Up: 1,670 Down: 562 Same: 1,516	FT-Actuaries all-share index 178.77 (+5.24 on the week)

Figures show annual pre-tax profits for companies reporting last week and over the 12 months.—Statistics by Exchange Telegraph

Bardolin's ground-floor stake in the housing boom

TIME TO BUY

Buying price: 30p;
1971 high: 30p; low: 10p;
Yield: 4.5%
Cover: 2.1 P/E: 11
Market capitalisation: £6m.

HOUSEBUILDING companies are getting some quite fancy ratings on the stock market, but it is still possible to buy into a good company near the ground floor. Bardolin's erratic recent past, with missed forecasts and boardroom upheavals, overhangs its shares. Yet the previous record is good enough, profits last year rose by a stout 24% to £1.04 million and Bardolin's housebuilding division has been working flat out in possibly its best-ever year. Now that Edward Fletcher has replaced Jock Mackenzie as chairman, there is no reason why the market should not forgive Mackenzie's two missed forecasts last year.

Bardolin now operates mainly in the Midlands as E. Fletcher Builders. And despite rising unemployment, there appears to be a six-month waiting list for its houses. The bull point for the shares must be that last year's profit recovery was achieved even though the housebuilding upsurge really only began at the end of the Bardolin financial year in April. With this year's easier mortgages, a dry summer for building and an even better autumn the impact of the house boom should be considerable.

Even so, the estate and commercial development division showed profits up last year by £100,000 to £562,000, 54% of Bardolin's total. With a much improved cash position (short term borrowings are £½ million down at £3 million), "excellent forward sales and substantial land acquisitions made throughout Bardolin's areas of operations, profits for the year to April next have been cautiously forecast by Fletcher as likely to show "a further satisfactory increase." In fact, I believe that this represents a minimum 30% increase, which will bring the P/E down to less than eight at 27p. For a company operating in a growth area like housebuilding, that looks far too low. The shares have in fact come up from their low point of 10p earlier this year, when disillusioned investors were bailing out. The mood has now changed, and investors should get in quickly before the price runs away.

Aziz Khan-Pann

Composite insurance shares going cheap • monopoly merger chaos

MARKETMETER

● Royal Insurance's nine month returns underlined just how strongly the big composite insurance companies are recovering. So far underwriting has turned round from a £4.2 million loss to a £5.1 million profit, hauling three-quarter stage profits up to last year's annual level of £30 million. Royal's shares responded with a rise from 402p to 428p. But according to at least one measure, composite insurance shares as a whole are still undervalued.

Specialist brokers Read, Hurst-Brown argue that the price/earnings ratios that are beginning to be used for insurance companies are ill-suited, because the three sources of profit—steady investment income, life profits and wildly fluctuating underwriting results—cannot just be lumped in one package. Instead they say, dividends are a much better guide to the long term trends. On this basis, history suggests that when the yield on insurance shares is more than 90% of that on the all-share average, they are worth buying and if they yield less than 80% of the all-share average yield they should be sold. At the moment the yields average 94% of the 3.44% yield on the all-share index, i.e. cheap. But in addition the composites' dividends will probably rise by around a tenth for this year.

● National and Commercial, the Royal Bank of Scotland and Williams and Glyns group, is not typical of its four much bigger clearing-bank rivals. But the rise in net profits from £12.2 to £14.9 million (ignoring a £500,000 special bad debt provision) shows a big upsurge in the second, March to September, half. This underlines the point that falling interest rates are not a big threat to bank profits if they can raise or even maintain their average lending margins. So on the strength of first-half performance the big banks are probably on prospective price earnings ratios around National and Commercial's 11.

● Oldham International shareholders should be mighty grateful to the Department of Trade & Industry. Not only were Oldham shares languishing below Chloride Electrical's offer at 48½p before the DTI approved the merger. The move flushed out a £12 million 60p a share counter-offer from once-repulsed Carlton Industries, which had been busy adding to its 25% stake. Oldham shares, now 62p are raring for the fight. The trouble for everyone else is that the DTI's bald approval of the monopoly Chloride/Oldham merger without giving any policy statement on the general question of monopoly mergers at home in the context of the Common Market leaves a situation of total confusion for industry and shareholders. Are we to believe that the floodgates are open for monopoly mergers or will each case be judged on its individual merits? In which case how do you argue about effective competition in the Common Market when in many industries from cement to batteries this is largely a matter of guesswork.

Slater carves himself a slice of Spillers

WHAT'S UP

☐ Looking over the courtyard from his swish offices on St Paul's Churchyard Jim Slater has had the condition of Spillers, opposite, very much in his sights. Market men now reckon that his moves around a sizeable chunk of Spillers shares jogged the price up a net 3½p to 59½p last week. The bread price rise and excellent profits recovery from petfood and flour and newly rationalised milling are the bull points for the share.

☐ Look for the first signs of spring from Transparent Paper's half-year results this week. The turn-round from last year's £247,000 loss is well under way, and the short-term effects, after much planning, of the failure to merge with British Sidac are wearing off. The point to note is that celluloid films from woodpulp, where Transparent Paper is strong, may not have the growth potential of plastics, but they do normally turn in the profits.

☐ City enthusiasts think Sterling Land could come back to market at 200p tomorrow—jumping from the 180p level of unofficial dealings while the bright four-man team from Corporate Estates was introduced. Since Sterling is now the favoured property arm of Jim Slater, who buys in expertise through the deal, those enthusiasts could well be right. Sterling's glamour, based wholly on potential with Corporate's development programme needing at least three years to produce profit, is a striking example of hope and faith. The faith is probably not misplaced, but remember the price at this level bears no relationship to present asset value.

☐ Something is up in Cullen's Stores, the 130-odd chain of traditional grocers where so many Londoners still prefer to shop. Recent buying in a very thin market has pushed the Ordinary shares up from 62p to 105p and the non-voting A shares from 47p to 69p in a couple of months. Though Cullen's is scheduled to turn round from loss to profit this year, trading recovery is certainly not the motive—Cullen's has some good sites in central London. But even at this price a bidder might find it hard to tempt out the shareholdings of family and friends. Likely compromise is a "sighter" bid by the recent share buyer to illuminate this potentially rich scene.

THE SUNDAY TIMES MARKET MOVEMENTS

1970/71 High	Low	Stocks	Price	Ch'ge	Div. Yld. pence	%	P/E
BRITISH FUNDS							
97¾	75¾	Savs. 3% 1965–75	93¾	+1/16	3.213	4.965	
77	59¾	Trs. 5% 1986–89	76½	+½	6.519	7.403	
107¾	92	Trs. 9% 1994	103¾	+¼	8.512	8.426	
105¾	80½	Trs. 8¾% 1997	105	+¾	8.492	8.451	

1970/71 High	Low	Company	Price	Ch'ge	Div. pence	Yld. %	P/E
55	43	Bryant Hldgs.	51	+9	3.2	6.8	11.1
101	35½	Burco Dean	99	+5	4.6	4.0	11.9
71½	21	Burns And'son. ●	44	−2	2.5b	5.7	9.3
262	127½	Burton Group	225	+16	5.4a	2.4	19.8

1970/71 High	Low	Company	Price	Ch'ge	Div. pence	Yld. %	P/E
32	24½	Illing Morris	28	+½	2.2	7.0	15.1
285	211½	Imp. Chem. Ind.	265	+18	13.9	4.8	14.7
79	49	Imp. Metal Ind.	70	...	2.8	3.9	17.6
97	63½	Imp. Tobacco	83	+1½	4.5	5.7	10.5
116	104	I.C. Holdings	112	+5	11.2n	10.0	...

1970/71 High	Low	Company	Price	Ch'ge	Div. pence	Yld. %	P/E
76	20	McLean John	78	+4	3.5	4.6	12.5
405	122½	Magnet Joinery	405	+7	8.1	2.0	20.0
52	41½	Mallinson W. ●	60	+4	3.9	4.9	13.9
102	58½	Mann Egerton	99	+7	4.5	4.9	10.9

1970/71 High	Low	Company	Price	Ch'ge	Div. pence	Yld. %	P/E
O—Q							
19	7½	Ogilvy & M.	£16¼	+¼	32.9	2.9	16.9
67½	19	Oxley Printing	29½	−½	1.3	4.4	10.3
243	135	Ozalid	222	+15	6.4	2.9	20.6

1970/71 High	Low	Company	Price	Ch'ge	Div. pence	Yld. %	P/E
FINANCIAL TRUSTS							
53½	28½	Bank Bge. Sec.	44	+2	2.1	4.7	11.[illegible]
84	48½	Charterhse. Grp.	72	+3	3.9	4.9	19.[illegible]
242	48½	Drakes	187	−1	3.0b	1.6	23.[illegible]

UNIT TRUSTS

NEW ISSUES

[illegible]

Gravel bid: the hole story

[TH]E TAKE-OVER BATTLE [be]tween Ready Mixed Concrete [an]d Redland is a vitally impor[tant] one. The victor will be [am]ong the first British companies [to] clean up in Europe.

Both companies have already [bu]ilt up dominant shares in their [ow]n particular corners of the [bu]ilding materials business in [Br]itain and have used this [str]ength to back more profitable [ex]pension overseas, Redland in [Au]stralia and both significantly [in] Germany. Overseas interests [alr]eady provide two thirds of [Re]dland profits, and a third of [RM]C's. They have already dis[co]vered that it is relatively easy [an]d highly profitable to seize big [ch]unks in Europe's highly frag[me]nted industry and both are in [a] better position than the [tr]aditionally much larger far[mi]ng cement companies to take [th]e pickings.

Redland ran up its colours first [wi]th a bid for Purle Brothers, [th]e dominant British waste [di]sposal group, as the first new [ar]m in its attack. How closely [th]is had been thought through [is] something Redland share[ho]lders will have to decide when [th]ey vote the new shares neces[sa]ry to make the deal. After all [Pu]rle's Tony Morgan had offered [hi]s shares to others, including [RM]C before finding his best price [—] more than 30 times earnings— [at] Redland. And Lord Beeching, [ha]ving moved from British Rail [an]d ICI to lead Redland, was [cl]early anxious to make a [dr]amatic expansion move after [th]e previous abortion of Red[la]nd's hopes of a merger with [M]arley — which had its own [Eu]ropean ambitions.

Ready Mixed also has its more [or] less obscure ambitions. [Al]though Redland is best-known [fo]r its tiles and bricks, RMC [se]es it as a major vehicle for [co]rnering its raw material sup[pl]ies of aggregates, virtually for [ev]er more. The one-for-one share [of]fer would add Redland's 40 [gr]avel pits to RMC's existing 95. And RMC thinks it has even [be]tter ideas about filling in Red[la]nd's holes than to use Purle [sl]udge (which for most purposes [is] confined to dry pits). RMC [ha]s started turning water-filled [pi]ts into lake areas suitable for [de]velopment on a commercial [sc]ale. With plaudits from the [pl]anners, RMC now needs only [m]inisterial approval for its first [w]aterpark near Chertsey in [Su]rrey, which would cost a cool [½] million. Even more dramatic are plans for the first stage of a 600-unit lakeside housing development near the Thames and Heathrow airport on which RMC, acting as its own developer, reckons to net £2 million profit on land which is in the books at nothing.

But it would be ludicrous for the outcome to be decided on rival plans for filling holes. A combined Ready Mixed/Redland would have profits of £22 million-odd after the projected 50% rises in both groups' profits this year and, without Purle, would stand on a fairly inviting P/E ratio of 14-15. This sheer size, in the same league as Associated Portland Cement, is vital for gathering the European harvest. This is going to need large scale financing and the ability to build up large-scale coverage—by plant and transport—of the Continent.

It is in both sets of shareholders interests that such a European juggernaut should be created. But if Ready Mixed is serious about its ambitions, it will not try to rely on its better profit record to push through a barely generous bid. For all Redland's lack of growth, the share prices have recently behaved identically and there is no clearly superior or dud management. It could, instead, suggest a different kind of conditional offer, giving more if the Purle deal does not go through. And as Lord Beeching ponders the alternatives this weekend—and his irrevocable purchase of 30% of Purle must cloud the issue—Redland shareholders must hope that he does not pursue the negative line he seemed to be leaning towards last week.

Lord Beeching, looking for more holes

Capital cure

EMI IS BEGINNING to look the best bet among bombed-out blue chips. In the past year profits plunged from £21 to £9 million and the share price followed down from 281p to 166p. But there are signs that EMI is making a major attack on its two biggest problems—the US Capitol Records and a whacking £32 million overdraft at the June year-end. The first assault on the overdraft came with October's £21 million convertible loan issue. Now chairman Sir Joseph Lockwood makes it plain in his annual report last week that the company is going to cash in its 25% of British Domestic Appliances by taking up the option to sell to GEC for £8 million at the end of next year.

Capitol, with 1970-71 losses of £5¾ million, is more intractable. Some of the special difficulties like vast returns of records from squeeze hit dealers and costly attempts to replace the Beatles, were exceptional. Costs have been slashed, management replaced and Capitol is reporting a nominal profit for its first quarter. Capitol still needs some elusive top-selling record albums or chart-busters to produce a worthwhile profit. But just eliminating the loss would bring the price-earnings ratio on EMI shares down to 13. And the rest of the business looks capable of carrying that. Records worldwide may not be exciting but EMI's half share of Thames Television is booming.

Beating the cycle

LISTER, king of velvet, but for so long an also-ran in stock market terms, is suddenly becoming much more interesting. Instead of following the textile cycle as usual, it has levered its profits up from £704,000 to £1.05 million. Admittedly this is a rather belated account of a year that ended in March, but the lessons to be learnt are equally valid for what is happening now. A thorough cost-reducing programme, including a small accouunting computer, has among other things trimmed stocks by £1 million or so.

Having a bit of everything in the house from carpet yarns to worsteds has also, perhaps surprisingly, worked in Lister's favour. "Flexibility is the keynote" as joint managing director Justin Kornberg puts it.

It was for instance able to rush out more Terylene/Sarille mixtures to the Leeds tailors who were looking for a cheaper substitute for worsteds. As a result Lister was and is enjoying a high level of demand for its products. I can only imagine this will be intensified on the furnishing fabric side by the revamp of design inaugurated last week with the first collection of new recruit Sir Nicholas Sekers, late of West Cumberland Silk Mills.

The background to this is a share price, which despite a rise from 29p to 54p this year, is valuing Lister on a modest 12½ times earnings. A return to the peak £1.4 million profits of 1969, which is quite a possibility, would cut this P/E back to 10½ even if Lister suddenly started paying a full tax charge. The company is putting its drive into fashion fabrics, which as I have emphasised before, are in the van of textile recovery this time. With a safe 6½% yield and some interesting developments of its property sites to spice the cake, the shares look worth tucking away for a while.

Unit boost

RELIEF is after all at hand for the beleaguered unit trusts. Sales in October were well up for a change and there were indications last week that one of the fund men's great hopes from a Tory Government will be fulfilled. Internal capital gains tax on fund transactions now seems almost certain to be abolished. At present any gains realised on shares sold by unit trusts are liable to capital gains tax—but to avoid double taxation, certificates of tax paid by the trust are passed on to unitholders. They can use these to offset against any liabilities they might have if they sold their units. This is not only an administrative nightmare with vast numbers of small sums involved. It also means many small unitholders are worse off than they would be investing direct in shares, since they would be exempt from small amounts of gains tax.

The Government promised to give "special consideration" to the problems but there were growing fears that the Inland Revenue might fight hard against the gains tax concession. Now the Report of the Select Committee on Corporation Tax should help still these fears. "Both unit and investment trusts," says the committee, "claim to cater for the small saver and believe that their collective saving should be encouraged." They sidestep this argument as "of wider political judgment" but "note the complexity of the present arrangements" and reckon the unit trusts have "a stronger claim on any preferential treatment." Not exactly stuff to stir the blood you might think, but given the inevitable compromise in a unanimous report it is clear that the trusts have won their point on the Government benches. Once capital gains tax is abolished for internal fund transactions there will be an advantage, since switching investments will not result in tax money being paid over immediately by the trusts. Instead it will be working for the unitholders. Additionally, the trusts will no longer be penalised for actively switching investments.

The outlook for investment trusts is not so clear. The life assurance companies are saying that it would be unfair for other funds to be given gains tax freedom and not life or even general insurance funds. Their compromise is a cross-board reduced rate of capital gains tax of say 15% which would apply to all these different kinds of portfolio holders apart from the unit trust. If the Government is to avoid evoking more complaints—and more revenue losses—the investment trust companies may have to be satisfied with this rather than full exemption.

Norcros sets out along the takeover road

NORCROS' £10 million agreed takeover of Venesta and its Keizer Venesta offshoot is its first major takeover for 10 years, but it is the start of the new aggressive policy I forecast two weeks ago which should reinstate Norcros as one of the more exciting stocks in the market. Already, I believe, plans are being made for a second substantial takeover in the months to come. Terms of the Venesta deal have specifically been arranged to allow for this. A £1.5 million block of preference shares was issued as part of the package—an expensive form of finance now, but due to be rehabilitated in 1973 by the reform of corporation tax. This gives Norcros the scope to use more loan stock in a second bid.

To have the self-confidence to bid for Venesta, a widespread and long-troubled holding company which made a net loss last year on £40 million of sales, is a remarkable turnaround for Norcros. Five years ago Norcros itself was a stagnant goulash after a rapid build-up as a holding company in the late fifties had been followed by six years when profits were stationary at £2 million. At that point a new management team slimmed John Sheffield's empire into three divisions: the Norprint coated paper, label and ticket business, Dow-Mac concrete, and the consumer division which was basically Hygena kitchens and the Maw's chemists wholesaling business. Since then, divisionalised management and central financial control on the Thomas Tilling pattern have squeezed profits up to £3.5 million on £36 million sales in the year just ending, with Maw—currently being converted into a branded nursery product manufacturer—as the only remaining problem child.

Although around half the payment for Venesta is in ordinary shares, Managing Director John Briggs reckons this will not dilute Norcros' earnings in the current year, nor dent its targeted minimum growth rate of 10% a year in earnings per share.

Venesta is already recovering to say £750,000 pre-tax to next March, but this conceals perhaps £1.3 million of profit, mostly in the US coated paper business and Keizer Venesta timber merchanting, and say, £550,000 of losses—which could be readily eliminated. Thus Venesta could produce the £720,000 earnings needed to pay its keep in year one.

Having got rid of the losses, Norcros would then need to produce roughly 9% a year growth from the Venesta businesses to maintain its own projected growth for the next couple of years. This, argues Briggs, is implicit in several of Venesta's businesses already, even without better Norcros financial control and the benefits of integrating all but Keizer Venesta into Norcros' existing three divisions.

In theory then Norcros does not have to work miracles to make the modest 14 P/E ratio on its shares at 173p look solid. Reasonably, the shares were depressed a few pence last week by the threat of a lot of weak holders of Venesta shares cashing in Norcros paper. On a slightly longer view they look cheap. Norcros has doubled its earnings per share in four years through internal growth. Acquisitions should help keep up a rapid pace.

business news City, investment, money

Is Trafalgar House overstretched or just poised for yet more growth with bids in banking and finance? AZIZ KHAN-PANNI gives an assessment

LAST WEEK, Trafalgar House came up with an 80% increase in its half-year prnfits to £3.6 million. It was a significant moment in the company's history in more ways than one. For it marked the end of the group's successful development as an integrated property and construction concern and the beginning of a mucb more difficult road.

In 1963 when the 29-year-old Nigel Broackes floated bis company, pre-tax profits were £17,000. In the curreot year pre-tax profits could be over £10 million. And Trafalgar's market vaiue lias grown from £1.6 million when it went puhlic in 1963 to £130 million now.

In June Broackes plunged into a deal which appears to bave completely re-orientated the group. The £27 million acquisition of Cunard, a compaoy which for all its immense reputation and world-wide prestige, bad been so badly run for so loog that it was near bankruptcy, could well turn out to he a can of worms for Broackes.

To cynical observers of the industrial and commercial scene, his hid for Cunard had all the markings of random expansion for the sake of size (though it only represents 18% of Trafalgar's equity). Neither he nor Victor Matthews, Trafalgar's managing director, has had any more experience of shipping than Matthews' service as a rating in the Navy during the war. Witb the disastrous experience of similarly, fast-growing conglomerates in recent years, it is widely feared that Cunard might become the albatross round Trafalgar's neck.

Property men bave in any case not been very successful when they bave stepped out of their original field. When Sir Max Rayne diversified London Merchant Securities ont of property into distilling and transport, profits soon began to slow down. When Sir Charles Clore added shoes and stores to his property empire the same thing bappened. It may be that it has been too easy to make money in property. The business requires an entrepreneur's energy and instinct for a good deal. The numbers of people involved are small and the organisation of cash resources limited. In almost every other industry, the prohlems are continuous and cumulative. The grand projects are very few.

But Broackes never was just a simple property man. Lord Crowther, an early backer with wbom Broackes subsequently fell out and wbo has no real reason to be kind to his former protégé, testifies as to Broackes's intellectual powers. "He is an extremely careful calculator. But he is also imaginative and that is wbat makes the difference." Broackes' thinking bas been consistent in the years since be went public with a £1.6 million company. And the combination of Broackes' intellectual energy and Matthews' practical grasp of industrial management is a mucb more formidable partnership. Matthews in particular bas developed a lot. At the age of 40 Matthews was a small builder in Brixton. When be was taken over by Broackes in 1964 his turnover was less thsn £2 million. But be bas been instrumental in building up Trafalgar into possibly the best managed husiness in the construction industry.

The financial backing of the buge Commercial Union insurance group has been crucial. It enabled Broackes to do his first six-figure deals. It lent him the funds to take over a £3 million property company which it wanted to sell. And it backed him in his first highly complex public takeover deal.

Broackes had noticed that three quoted property companies, City and West End Properties, Consolidated London Properties and Metropolitan Property, all shared offices in a building in Busb Lane, off Cannon Street in the City. On further investigation, he found that the three companies had

Victor Matthews: doing too mnch?

dismissed sometbing like 20 takeover approaches by being secretive and refusing to supply potential hidders with any information on their 70-odd blocks until a good casb offer was actually made.

Broackes talked round a reluctant Commercial Union, still a major sharebolder and unhappy about contested bids, and decided to make an offer. The problem was that Trafalgar's market capitalisation was £1.6 million and the value of the offers was £7.8 million.

Unfortunately wben the offers closed in January 1964, the acceptance level was "pitiful," to use Broackes' own expression—ranging from 20% in tbe case of one company to 10% for City and West End, the company Trafalgar most wanted. To the annoyance of Hill Samuel, advising the three companies, Trafalgar then declared the bids nnconditinnal (this was allowed then and meant that acceptances were not conditional on the bidder achieving control). There were some raised eyebrowa. Why should Broackes want to tie up his capital as a minority shareholder? But he was convinced tbat success was only a matter of time.

Matters were precipitated when another property developer, Leslie Marler, with wbom the three companies bad been negotiating a rescue offer, made a public offer for Consolidated London, the company with a key sharebolding in City and West End. Broackes came back with a higher offer. Marler over-bid bim. With a fat profit now availahle on his existing bolding in Consolidated London, Broackes then made a pre-emptive bid for City and West End, suhject to the other two companies accepting the offer and suhject, too, to Marler's bid for Consolidated London being declared unconditional (thus ensuring that be, Broackes, actually received the £500,000 dealing profit).

The result of these complicated transactions was that Trafalgar got City and West End, Marler got Consolidated London and Trafalgar's sbares in the third company were sold off to another property company—at a handsome profit. By the end of the financial year, Trafalgar's gross assets bad grown to £11.6 million. This bid marked the arrival of a highly sophisticated financial tactician and infighter.

The acquisition of City and West End was the important first stage in building up a platform for the really hig deals. Hitherto, Trafalgar bad been a fairly straightforward property and development company. But with the probability of a Labour Government in 1963 and tbe implications of that for rents and legislation, Broackes knew he bad to revise his strategy. He took tbe view that rent control would be introduced. So be sold off some bundreds of the flats and residential properties. And when Jim Callagban gave advance warning of the introduction of Corporation Tax in his 1965 Budget, Broackes was one of the few property men who really worked through the implications of the new tax.

Broackes realised that property companies which traditionally distributed all their dividends would be taxed punitively under tbe new Corporation Tax system. As a result property companiea' shares were becoming depressed by fears of dividend cuts just at the time wben the capital value of their property portfolios was beginning to rise more steeply than ever.

The solution which Broackes pioneered was to buy industrial companies. These would provide the income to pay the dividends and returned earnings which paid much less tax under the Corporation Tax syatem.

"The point is to earn additional money from trading sources for retention, not for distribution," he said in 1967. "The Corporation Tax structure should be looked on as an incentive scbeme. According to Broackes' ideas, once the dividends, and on top of that the cash flow, were secured, the fast-appreciating asset-rich property backing would ensure tbat the combined group enjoyed a high stock exchange rating. There was much scepticism at the time, hut Broackes bas proved his point.

Trafalgar's property income bas fallen from nearly 100% to 46%, while its trading income has grown correspondingly. Another statement made in the same address to the Chartered Auctioneers is now more significant than ever, following the acquisition of Cunard. "One can extend this thesis in another direction," he said, "by saylng that tbe real incentive of the Corporation Tax system is to place oneseif in tbe position of paying as little tax as possible. This sounds obvious, but very few people, I think, direct much strategic thought to it."

Can Broackes alter course?

Broackes points to these stat ments wben he is accused (being a too-avid diversifyio conglomerator. He was at th same time not overly depresse by the property business. H gives the example that if inflatio continues at the rate of 3½% year, then the monetary value (a property will double ever 21 years. Now if a property : bought with the help of a tw thirds mortgage, the value of th property douhles in 21 years, th value of the mortgage remain constant, and the owner's equit therefore increases fourfold, (twice the rate of inflation. Mear while the property has provide a reasonable income.

So witb the help of Messel: his brokers, he drew up a: acquisltion list of 10 property and related, companies whic would hecome vulnerahle hecaus of their dividend policy an management problems. Some o tbe names on the list show bov ambitiously Broackes was think ing even at that stage. They include much larger companie tban Trafalgar: Ideal Buildio Corporation, Trollope and Colls Metropolitan Estate and Property Corporation, City of London Rea Property, Regis Property an Haleybridge.

First to fall was Ideal, a larg hut indifferently run househuild ing group, which was bought fo £4.6 million. Matthews' first bi job was to knock Ideal into shape It bad operated through a serie of autonomous regional compa nies with the head office i Epsom barely knowing what the units in the Northb and Scotlanc

continued on opposite page

business news City, investment, money


Kelvin Srodle

continued from previous page

...re doing. Matthews, who had never done a job of this size before, quickly proved his natural talent as a manager. He removed the main board, promoted middle management, centralised the financial and administrative services, and brought in a system of budgeting and strict financial control, something the company hadn't worked on before. He was still deeply involved in Ideal when the Trafalgar buying of Trollope & Colls shares was brought out into the open. There was a sharp battle in which Trafalgar finally triumphed with a £12½ million bid despite a counter-offer from Higgs & Hill plus the Church Commissioners and threats by the Trollope management to resign en masse. Matthews had once been a contracts manager at Trollope. He knew that the company had virtually no financial control or forward budget. It did not know which parts of the business were profitable and which were not. The company had made a good thing out of City development and had a famous name for quality construction but had nicked when the Brown ban on office building was passed. It decided to go into hospital building and lost £2.2 million. Matthews gave it the same treatment as Ideal and it worked.

The acquisition turned out to be a marvellous deal. Quite apart from improved trading profits the properties which had come in on a £12 million valuation were sold off for £18 million in the next three years. Broackes' charge into companies with management problems had worked. His share price, which had doubled after Ideal, doubled again after Trollope.

By the middle of 1968, Broackes had got the £95 million City of London Real Property in his sights. He thought he would need to make two more £25 million acquisitions in building and property before he was big enough to bid. But the bid by Land Securities for City Centre meant that the former, a potential rival for CLRP, now had its hands full. It was an opportunity that Broackes took. The bid failed because Metropolitan Estate and Property intervened and Land Securities carried off the prize. But Trafalgar, even though it was so much smaller than CLRP, had been taken seriously. It had moved into the big league. When in 1970, it fought a bitter battle with Bovis for the £15 million construction group Cementation, its market presence was established, and it was always the favourite to win even after Samuel Montagu, acting for Bovis, had picked up 26% of the shares.

With Cementation, Trafalgar had become a very large group indeed. In the 1970/71 accounts, gross assets stood at £119 million. Pre-tax profits were £6 million and anyone who had invested £100 in the company when it went public in July 1963 would have seen his investment grow to £2,000. And although the largest component of profits still came from property—£3.9 million out of £8.5 million—Trafalgar had lost its property status (and although its £50 million developments are the largest in the City).

Broackes was beginning to move into what he calls the "accommodation-related leisure field." Up to 1969, Trafalgar had looked at hotels as a valid trading diversification. But that had been half hearted. The intention had been to develop hotel sites which would then be managed by Trust Houses, the chairman of which, Lord Crowther, was also chairman of Trafalgar. But it appeared to the Trafalgar people that Trust Houses was not really serious about this collaboration and it was decided to go it alone. A hotel development in the West Indies which was to have been jointly undertaken was taken over by Trafalgar. Lord Crowther resigned from Trafalgar and Broackes resigned from Trust Houses.

The Cunard deal is in a sense a continuation of that policy. But the move into shipping introduces many more uncertainties than adding another leg to the company's burgeoning hotel interests. (Apart from the West Indies, only the London International in Cromwell Road is operational. Two others are under construction, including the Bristol, opposite the Ritz.)

Cunard was bought as a tax cash box, with £13 million usable accumulated losses and up to £68 million in depreciation. It makes Trafalgar's profits tax-free for years. But Cunard is a massive problem which even the efforts of a manager like Victor Matthews might find formidable. Until a year ago, for example, the freight side could not really tell whether any given ship was actually operating profitably. Break-even points and occupancy rates were not available for the passenger ships, though these have been responsible for most of Cunard's problems. When an attempt was made to discover even this simple information, it was found, for example, that the breakeven level for the Carmania on its UK cruises was a 100% occupancy level at last year's prices. As the occupancy rates averaged 35%, the extent of the problem can be imagined.

The QE2 is another problem. A report by McKinsey projects its losses forward to 1975 at a minimum of £1.5 million a year. Matthews doesn't accept that. With a more flexible pricing and advertising policy (Cunard having resigned from the North Atlantic conference which operates as a restrictive practices cartel to prevent undue competition), he believes that the ship will be in the black next year.

Vamping up the travel business

But the problems remain. The container investment is only precariously breaking even now and the world freight market is weak. The Sunair-Lunn Poly travel business is being thoroughly revamped, presumably in preparation for when the bidding for Thomas Cook starts. On McKinsey's figures, the year to September next could show a profit of £1.7 million if the two Caribbean cruise ships, of which the first, Cunard Adventurer, was launched on Sunday, are sold and the Carmania and Franconia, both currently laid-up, are hived off into some joint cruising operation on the lines of the now defunct deal proposed by Chandris Lines.

But Matthews appears to be coming round to the idea of Cunard operating the ships itself, if it can negotiate a suitable deal with the unions. It makes the prospect of profitability apparently more risky. But as Matthews says, the overheads of running a passenger fleet of two or three ships are absurd. The implication must be that he wants to buy more.

In traditional Matthews style, the board has been removed and middle managers promoted. The 25 ships of Port Line which had formerly been managed by Blue Star are being brought back into Cunard's management. Financial controls are being put in. Fans of Matthews say he will turn the thing around, if anyone can.

But is Matthews overworked? It is noticeable that Cementation still does not seem to have turned round, possibly because Matthews promised not to interfere with the management during the bid. In the half year results, a former Cementation group, Mining and Specialist activities, was the only group to fall short of the previous year's profits. Cementation's problems are not the management problems of inefficient systems but of chasing too many contracts in obscure currencies. A tighter regime is being introduced.

Even with this problem, though, Trafalgar's earnings per share should rise another 15% plus this year. On that basis (and assuming, conservatively, a 30% tax provision) the P/E ratio at 140p would fall to 17½, which makes the shares look attractive—given confidence in Matthews' ability to turn Cunard round.

But Broackes is now gearing up for his next move. A bid for Thomas Cook when the Government hives it off could be the spearhead of a major attack on banking and finance, on the lines of American Express. Will Matthews be able to take even this under his wings? On balance yes. But it will be a tight fit.

Montedison takes a powder

ANY LOMBARD financier will tell you that many Italian companies are ripe for the plucking with the stockmarket at a 12-year low. Bastogi, which was the object of Italy's first Stock Exchange take-over battle is a case in point. Unfortunately shareholders may not benefit as in last week's coup by ailing chemical giant Montedison winning control of Italy's largest independent drug firm Carlo Erba. Both shares fell.

The catastrophic Montecatini-Edison merger in 1966 has finally led to the State taking over control with a 25% controlling stake built up by State oil company ENI. Eugene Cefis, former head of ENI has now taken over full management control at Montedison which last year did not even earn enough to cover depreciation on its 196 run-down, old chemical plants in Italy. The former autocratic chairman Georgio Valerio has even been charged with some financial misdemeanors. Montedison was short of cash but at least the State has now taken care of that since 51% of Erba cost £18 million.

The Italian drug industry is very fragmented with over 600 manufacturers and no patent protection for medicines. Moreover 70% of the industry is foreign owned. The Erba deal is partially to stop minority shareholders, like Armour taking over.

Montedison is in fact a conglomerate with large stakes in mining, food, textiles, shops and also drugs. It owns 51% of Farmitalia, which with Erba will have about 7% of the £525 million Italian pharmaceutical market. Chemicals account for 80% of total assets, and basic chemicals with sales of £850 million represent over half Italy's production and more than 10% of the total EEC business. In specialities like drugs, Montedison has only 7% of the market with sales of £86 million, but recently it has announced a plan to double this by 1975.

Now that the shares are 34 below their "mystic" par value, they are in depths never before plumbed. They could rebound sharply. Another chemical share Caffaro leapt 35% in a week in September. Italpi, rose 40% in August. But Montedison still has no profit. Erba which is very highly valued, up 30% since July, might just do the trick and start Montedison on the long climb back to respectability.

James Poole

EUROSHARE

CARLO ERBA
Ordinary share price: L 10,619 (£7.0);
Yield: 2.0%;
Market capitalisation: £35m;
Sales: £41.5m;
P/E ratio: 55.

MONTECATINI-EDISON
Share price: L 662 (44p);
Market capitalisation: £490m;
Sales: £1,400m;
Net assets: £1,100m;
1971 first half loss: £39m.

Living in long-legged clover

TO THE uninitiated, pasture is just something to picnic on, but to Prof. Percy Thomas and his colleagues at the Welsh Plant Breeding Station in Aberystwyth, it is the raw material for an increased meat and milk production that could be worth an additional £150 million each year to Britain.

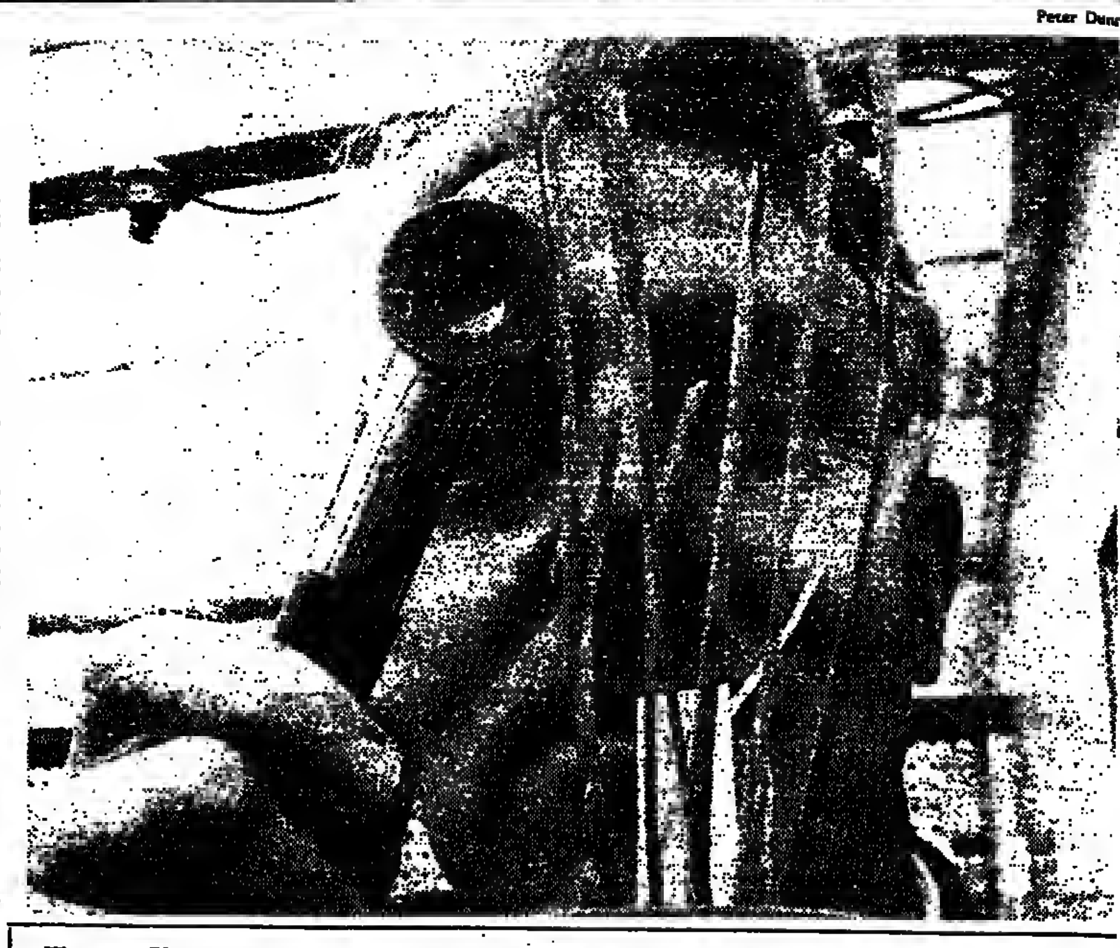
Dr John Cooper (right), a plant breeder at the station, argues that the best grass is even less efficient than a steam engine, using only 4% of the light energy falling upon it, and producing 16,665 kilograms of dry matter per acre in a seven-month grazing season. Using equipment whose sensitivity would make a brain surgeon envious Cooper has become intimate with the physiology of thousands of strains of grasses. By selecting the best physico-chemical performers, he's come up with S321 (line E), a grass that is 25% better at absorbing the sun's energy than anything yet known. The new grass produced an extra 5,409 kilograms of dry matter per acre in trials.

But as picknickers know, a field is never grass alone and, in future, another of the station's breeders, Ellis Davies, is determined it shall be a banquet of a giant white clover called Sabeda. Davies talks of clover as "the magic ingredient in pasture," because it makes the diet of sheep and cattle more palatable, easier to digest and is better than grass at capturing and making available to the animal certain vital elements such as magnesium in the soil. And experiments with sheep have shown that they can gain twice as much liveweight each day when grazing a mixed pasture of grass and clover than they can when grazing on grass alone.

In breeding Sabeda, Davies has produced a variety of clover with a very long stalk which is thus able to keep pace with, and withstand competition from, the newer grasses when they respond rapidly to fertiliser applications. Older varieties of clover tend to be swamped.

The "good climate and appalling weather," which appeals so much to Prof. Thomas and the farmers on whose behalf his station works, grows far too much for the gardener. Perhaps there next project could be a grass that stays eternally green, and never grows at all.

Graham Rose



Peter Dunne

Debts dumped for £1

BY RICHARD MILNER

PRIVATE business crashes are 10 a penny, but the curious case of Muldivo Computers Ltd., merits closer attention. Not because MCL racked up a net deficiency of more than £100,000, which is hardly a record in the liquidation game. But because MCL was already plunging into insolvency when the Muldivo parent group "sold" it to a senior executive, who then tried to raise an extra £50,000 on the strength of an astonishing prospectus that forecast profits of £75,260, but somehow neglected to mention past losses of £80,000-plus.

Most people who attended the Muldivo Computers Ltd. creditors' meeting on November 10 were disconcerted by the statement of affairs outlined by Benjamin Rose, senior partner of chartered accountants Rose Gluck & Co. Between May 5, 1970, and November 9, 1971, MCL had sustained trading losses of £133,220 and stood to record gross losses of £188,799 on liquidation. And even after the parent Muldivo group had written off the original £25,000 share capital and waived loans of some £51,000, the net estimated deficiency still amounted to precisely £104,959.

Managing director Bertram Evers took the chair at the Muldivo Computers Ltd. meeting but did not produce this prospectus, which turned out to be rather embarrassing. For during his run-down on the company's financial situation, Rose referred to a heavy loss incurred during the year to March 31 this year. Allen Cooper of Rose Gluck was appointed liquidator together with a Committee of Inspection consisting of Dibb Lupton & Co. (Muldivo's solicitors), Hallam Sleigh & Chesterton and Sperry Rand.

Last Wednesday, Rose Gluck gave a formal report of the meeting to all MCL creditors. "Mr Rose explained that his firm were not the Accountants or Auditors to the company, but had been called in, because of their experience in insolvency matters" their letter stated. "He said that in view of the appalling losses which the company had sustained, it was evident that the investigation by the Liquidator would have to be extremely searching. . . ."

Muldivo Computers Ltd.'s optimistic prospectus purported to give a statement of the company's financial affairs as at July 31, though certain of the information given suggests that it was actually prepared late in August or early in September. The document outlines how Muldivo Group directorate, intermediary of the Muldivo Ltd. desktop calculator business, decided to diversify into computers and formed MCL with a capital of £25,000 to exploit the agency for Israeli Elbit computers that was acquired at the end of 1969. But in spite of securing a key £80,000 contract for Esso last March, the group was squeezed for cash.

"Dumping of (integrated circuitry) chips has brought the cost of desk calculators to one third of what they stood at a year ago," the MCL prospectus stated, "and this has had adverse effects on the real value of the stock which the Group had bought in bulk and has compelled the Group to dispose of substantial quantities of stock at a loss." It added: "The Group decided that it could no longer continue to support MCL, but also recognised that the future of MCL was tied up in the skills of the team that had been created." So the company was sold to Bertram Evers on "exceptionally favourable" terms, specifically for £1 cash.

MCL's prospectus balance sheet as at July 31 showed a share capital of £25,000 plus a "firm" £34,000 loan account from Muldivo Ltd., reduced by an accumulated deficit of £53,361 just £5,639. And, although it w[as] emphasised that the cash positi[on] was serious, the short-term pr[os]pect was glowing to the point [of] incandescence. A "worst cas[e]" forecast indicated sales [of] £506,000 for 1971/72, which wou[ld] (figuratively) produce pre-t[ax] profits of £75,260. Neither t[he] forecast nor the balance she[et] were, in fact, certified [by] Muldivo's accountants, Vin[ey] Merretts. Potential subscribe[rs] were asked to contact Evers [or] Maurice Tree, a company secr[e]tary listed as an MCL director.

"The reason why I took t[he] company on is that definite stat[e]ments were made to me on o[ur] position, together with why [it] would be wise not to put the co[m]pany into liquidation," Evers no[w] comments. He had felt th[at] MCL could be saved and ha[d] issued the prospectus to 14 or [so] people. So why did Vin[ey] Merretts not sign the prospectu[s]? "It was prepared while tho[se] accountants were present," [he] insists. But how about t[he] apparent discrepancy betwee[n] the £80,000-plus loss for the yea[r] to March 31 (VM accounts wi[th] Rose Gluck), the £53,000 deficit [at] July 31 and £133,000 trading loss[es]?

Bertram Evers, whose mai[n] forte is marketing, does not see[m] to be sophisticated in finance. H[e] refers this question to Mauric[e] Tree, who (he says) prepared th[e] MCL financial statement. Bu[t] Tree is not very helpful. H[e] makes three points: (a) that h[e] is officially a director of Muldiv[o] Ltd., (b) that he is not officially [a] director of MCL and (c) that h[e] cannot now remember exactl[y] what went into that prospectus. So the Muldivo parent shucks o[ff] an embarrassing crash and Evers who officially acquired MCL jus[t] five days before his own esti[mated] make-or-break date o[f] September 20, is left to carry th[e] can. Official investigation [is] indicated.

Local radio carve-up: the giants move in

BY TERRY HUGHES

THERE COULD BE deadlock next week in the Committee of nine Labour MPs and 11 Conservetives which is exsmining the Sound Broadcasting Bill introduced recently by Christopher Chataway, the Minister of Posts and Telecommunications. Any delay would upset the Chataway timetable, which is to have the Bill through Parliament by Easter and the first five commercial radio stations on the air by mid-1973.

The deadlock could come because one of the 11 Tories on the Committee is John Gorst, the Conservative member for Hendon, who has been campaigning for a long time through the Local Radio Association for truly neighbourhood radio. He scathingly calls the Bill "pictureless television." For he believes the Government plan will not provide local commercial radio at all, but regional radio.

The Chataway Bill would leave out in the cold the many small companies with romantic names, Counterblast Ltd., Radiopolis Ltd., *Shareef Broadcasting* (directors Mr & Mrs Thakur), Redio "Red Dragon" (a pub-based group?) and the Voice of Robin Hood. The true local radio lobby feels bitterly that the Minister has bent to backstairs pressure from the advertisiog agencies and the big newspaper and television groups. They dislike the way be has given the task of setting up commercial radio's 60 statioos to the Independent Television Authority, which will become the Independent Broadcasting Authority a month after the Act is passed.

So one of the many amendments Gorst is proposing would take sway from tbe IBA the ownership of the radio transmitters. Another would limit the range of the transmitters to eight *miles. Both of these amendments* are likely to be supported by the nine Labour MPs, led by Pbilip Whitehead, e former producer of This Week. If, as is likely, no otber Tories support Gorst, this could result in deadlock.

But Gorst's embarrassing amendments do not end there. Otbers provide that local Press groups will not have tbe right to share in any *station in their* area, as they do in the Bill, but can only get a slice of the cake on merit. He also wants to remove the clause which would enable tbe Government to levy a tax on excess profits, as it does on the commercial television companies. These amendments make the task of the IBA more difficult.

Tbe IBA, or in particular its new man, former Observer Magazine editor, John Thompson, will decide which areas are to have the 60 stations. The Minister has already earmarked the first five —*for* Manchester, *Birmingbam*, Glasgow and London, which will have two—one for general programming, one for news.

The IBA will also be responsible for setting up the trensmitters eod working out the catchment ereas, eod in doing this they will effectively be deciding when a locality *is* a locality.

The field of a transmitter, wbether it is five miles or 15 miles, the dir*ection* it *is given*, and the power upon which it operates, will dictate the local radio frontiers. Critics say that the IBA has been expressly asked by the Government to use existing television transmitter sites and meny of these cut right across natural boundaries. A Birmingham transmitter based on Sutton Coldfield, for instance, would cut into the Black Country, which, io *the* view of *Alan* Graham of the Express and Star at Wolverhampton, would make nonsense of the deep local difference between Birmingham and his own aree. The same, no doubt, would happen in *Man*chester, where Oldbam may get into the Manchester arca.

If this were not enougb to undermine plans for genuine *local radio, there* is the *fear* by smaller companies that the whole IBA superstructure, with its specialist committees and estimated 150 employees, would place a beavy overbead on a local station fighting against *strong* BBC competition in a medium-sized city. This, the radio entrepreoeurs are prepared to swallow, but the Government's proposed plan to establisb a separate London station supplying national and international news to all the other local stations is regarded as a downrigbt insult, as much as a heavy financial imposition.

One of Gorst's amendments, in fact, would force all stations to provide a comprehensive service and thus prevent a London news station.

As Hughie Green, compere of Opportunity Knocks and director of Independent Broadcasting Consultants put it: "People are funny up in Glasgow. They don't want to hear a London voice." And according to one local news editor, "When the national news is going on about the dollar crisis, we want to know who is dumping sewage in our river." In general, the local radio men *feel it* would be cbeaper and better to handle the news themselves helped by their newspsper backers; bnt they helieve the Minister will insist that they buy the London service.

At the moment it looks unlikely that local groups will be eble to compete with the emerging combinations of major newspaper groups and television companies, which already have the necessary regional base as well as the financial strength to guarantee local radio against embarrassing debacles. As Brum Henderson of Ulster Television put it, referring obliquely but obviously to the local radio lobby, "those people who have adopted public postures could most easily end in Carey Street." He could point to the continuing failure of the BBC's local redio stations to attract e wide audience for supporting evidence (though the new commercial stations would be on medium-wave during the day, thus widening their scope, as against the BBC's entirely VHF service).

Some big communication companies bave had an interest in local radio for many years. Rank has already registered 27 stations and Rediffusion has set up Radio Holdings, meneged by Graham Binns, who has run stations for them in Malta and Jamaica. It has also set up a talent bank to supply recorded material to the other stations in the network.

Gorst: amendments

Green: concerned for the funny people in Glasgow

ATV has announced that it wants to get into the field and all the major companies seem anxious, in the words of Brum Henderson, to combine ITV 1 and 2 and commercial radio as "a *genuine second force in all* broadcasting", run by the IBA.

Since the first five stations will cover around one third of the country's population, some of the esrlier board-room gloom about the *return* on *commercial* radio has been dispelled. The national advertisers certainly like tha idea of big stations run by communications professionals, and up to half of the total advertising revenue (up to £14 million) could coma from big names, possibly hooked through a central egency. Even this figure looks chicken-feed compared with the £400 million spent in the United States.

The Government has, however, put some safeguards into tha Bill to try to keep tbe big groups under *control. Record companies* are forbidden to have a station, which rules out EMI and could place ATV (Pye Records) and Granada (Grsnada Records) in some difficulty, depending upon the *IBA's construction of the* ground rules. These are vague; the Bill does not even follow the White Paper, which tried to keep the television companies in their place with the provision that oo television contractor would be allowed to have a controlling interest (whatever that may mean) in a local radio station in its own area.

The Minister had taken the daoger of advertising being channelled away from the local Press so seriously that a paper that can sbow it has a unique local position can have a *participation* in the local station as of right. No newspaper which has a monopolistic local positioo, however, will be allowed to have a controlling *interest* in the radio *station*.

The participation of the local newspaper has led to much-resisted arrogance in at least one case. The plans of a local paper group and Soutbern Television to offer local worthies a minute proportion of the equity in a station in the Solent area have met with determined opposition. Local businessmen (and Lord Montagu of Beaulieu) so resented the small piece they were allocated that they now have a rival—and viable—proposition.

The local newspaper situation, however, is by no means as neat as it appears on the surface. Most major local newspapers are owned by natiooal groups (in Manchester, The Guardian owns the Evening News, and Beaverbrook owns two of Glasgows's papers). In Birmingham the independent local Post and Mail and ATV have already formed West Midlands end Sound Radio. In London there are far more local independent newspaper groups. These include the South London Press and Dimbleby and Sons, which is in an alliance with Beaverbrook Radio. Beaverbrook's London Evening Standard is itself regarded by the Minister as local, as is the Thomson-owned Scotsman in Edinburgh. This attitude will create an invidious problem for the IBA.

The meo responsible for working out the ground rules, John Thompson, is known to be sympathetic to communicators, and has a reasonable track-record in journalism. But he is going to have an appalling job balancing the aspirations of true local radio enthusiasts with the warning uttered by Chataway, "This is no game for amateurs."

Barry Wilkinson

Tom Heywood: nothing to do with turtles

Why does nobody care about their car?

BY GWEN NUTTALL

WHATEVER happened to the hooming car-care market? Last month, Holt's, the hest-known name in the husiness of supplying everything from Radweld radiator repair kits to Glycolmaster anti-freeze, recorded its first-ever loss (of £85,000) for the first six months of this year. And while the faster-growing newcomer, Lloyd's Industries, has moved even more aggressively into the black over the same period, chairman Tom Heywood, who built his Turtle Wax success on the belief that the average man spent more on his car than on his wife, now admits that the *average* car owner is spending no more on general titivation than he was 10 years ago.

The joke is that there probably never was a boom. But because a number of house-proud car owners began using special car shampoos instead of Fairy Liquid; because a newcomer like Turtle Wax advertised so effectively that polish seemed only the start of an entirely unexploited market; and because brokers were keen to isolate new areas of expansion, hence new growth stocks, the car-care market became one of the glamour industries of the 1960s. It even attracted Esso, whose much-trumpeted arrival two years ago became noticeably *sotto voce* fairly quickly. Yet this is such an under-researched area that no ooe really knows, even today, the size and growth of the market.

This is why the two leading firms can each operate on their own research which shows that *both* are brand leaders in the touch-up paint business. A lack of known landmarks is only ooe of the disadvantages facing 39-year-old John Parkin, the professional manager brought in three weeks ago as managing director of Holt Products. Still essentially a family firm despite its 1959 flotation, Holt's has seeo profits virtually halved to £454,500 since 1965 (when it was a glamour stock) while turnover has risen steadily by some 40% to over £6 million. Parkin is the third managing director in four years, the second from outside the family, and a sure indication that chairman Michael Holt recognises the need for drastic measures.

As a recovery expert, Parkin can claim his medals. Put in charge of Rank's leisure division—as the seventh managing director in five years—he made it profitable during his four-year tenure, switching in 1968 to sort out Associated British Foods' tea and coffee outfit, Twiniogs. He found Holt's an almost classic case of bloated overheads, inadequate marketing and had timing. The company had incurred problems as far hack as 1965 with its purchase of Romac, safety belt manufacturers; integrating the sales system through the same wholesalers used by Holt's took two years to sort out. Then the cost of moving administration from the factories to a new Croydon office block slapped at least £30,000 on to costs.

But there were more serious uoderlying factors such as inadequate financial control. "Nobody can spend more than £5 without my signature now—a short-term measure to get the message across." In his first 10 days, he cut overheads by dismissing 32 people from the 100-strong sales force and eight executives

But a company which grew up offering the motorist everything ("Holt's is a car's hest friend") scarcely has the same scope for development as one which started out to capitalise on one product, a polish which had had a runaway success in the US and Sweden. Once Turtle Wax repeated the performance in Britain, Tom Heywood was able to add other motorists' aids without being hindered by tradition. Not that foreign experience automatically guaranteed a soaring sales graph —especially when the company handling the launch was a Lancashire lard manufacturer called Kilverts, part of Lloyd's Packaging Warehouses.

Heywood, after 11 years with detergent manufacturer Procter & Gamble plus a short spell at a small biscuit firm, Parkinson's, was hired in September 1961 to mastermind Kilvert's diversification. Four months later, he launched Turtle Wax on a budget of £12,000.

Lloyd's major strength lay in its application of basic marketing techniques, common enough in the grocery world, to the garage trade. One of the reasons for Lloyd's high return on capital (42% against 20% for its older rival) is its low investment in manufacturing capacity. It is almost a factoring company, selling products made by other people to which it applies its own marketing skill.

The strange marriage of lard and car polish is kept by Heywood out of sheer economics, not sentiment. The food side, now cootributiog some £50,000 to profits with sales up 40% in two years, has just been expanded by the acquisition of Duerr's jams. Both Kilvert and Duerr are regional companies, but they produce a useful cash flow. "And they contribute to overheads. They share the same transport fleet, warehouse and head office staff as the car products. Only the sales forces and their directors are different."

This appreciation of finance is not all that common to marketing men, especially those trained to work to the P & G rule book. But it helps explain why Heywood's company has successfully branched out from one product (and in car polish it now outsells the three firms which had 90% of the market when it started 10 years ago, Simoniz, Autobrite aod Johnson) into making money from the general car care husiness—its interim was £209,400, and it looks like overshooting the year's £300,000 forecast by a comfortable £30,000. You don't do that simply by being good at marketing. It will be interesting to see if the new man at Holt can bring the firm round by basic financial disciplines.

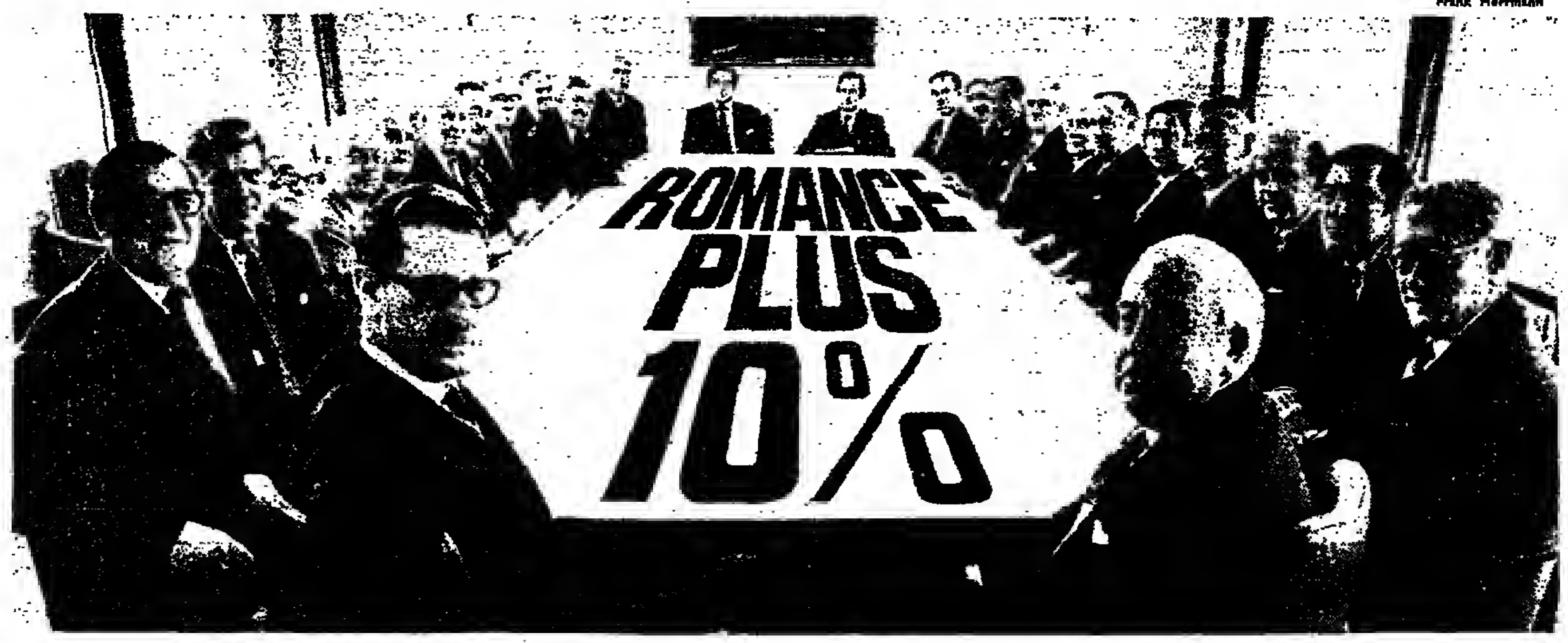
THE MINING MOGULS OF RTZ

Can RTZ, perhaps Britain's most exciting company, cope with its future?

KEITH RICHARDSON reports

ROMANCE PLUS 10%

Frank Herrmann



● Left: the Rio Tinto board in session last week.

RIO TINTO-ZINC is a company which presents a deceptively glossy appearance. In theory it has developed an almost perfect business formula: spend other people's money to build large, efficient mines; sew up the output with long-term contracts written in advance so as to take all the risk out of the deal, and then sit back and wait for the profit to roll in. Deal seems to follow deal in immaculate succession, each one bigger, more picturesque and more lucrative.

The truth is reassuringly more patchy. There is little evidence of a genuine master plan. RTZ as a company dates back to the merger in 1962 between Rio Tinto and Consolidated Zinc, but its effective history began in 1951 when Val Duncan, an old-Harrovian lawyer then aged 38, was hired from the Coal Board's marketing department by merchant banker Sir Mark Turner to run the old Rio Tinto company.

Duncan completed the triumvirate which was to steer the group for 20 years by hiring an internationally-minded electrical engineer Roy Wright from Crompton Parkinson, and quickly they decided to sell out of the laggard and politically suspect Spanish mine that was their only effective asset. But even then there was only a vague idea of going into exploration and somehow investing the money in "natural resource ventures" all over the world—especially in the politically stable Commonwealth.

For some time the track record did not look too good, either. Going into Atlas Steels in Canada was a major error of judgment, the early moves into uranium brought management problems and a serious over-estimate of the market.

Neat footwork pulled RTZ out of a mistaken venture into oil but zinc smelting at Avonmouth brought nothing but trouble. Even the group's three giant money-spinners were all conceived in an atmosphere of uncertainty. Would the price of copper be high enough to justify Palabora? Would there be a market for Hamersley's iron ore? Wouldn't it be better to build something smaller and less risky at Bougainville? These were all real questions heatedly debated within the group's urbane St James's Square headquarters.

But for all the approaching £2,000 million of assets accounted for by the group and its tangle of sister companies it would still be wrong to judge it in the same way as, say, General Motors. Mining is a venture business. Some ventures inevitably do worse than others. What matters is making enough of them come right.

To this end an impressive number of skills has been gathered together, without hiding the fact that Sir Val Duncan's approach is still essentially a romantic one. The thrill of seeing turbines rolling, metal in production, giant construction works where a few years earlier there had been only empty wastelands, the whole concept of opening up unknown country to fuel the world's ravenous hunger for row materials, these are powerful emotional forces. The trick is to make the romance earn a profit. And because of all the risks, and because of the pattern of heavy expenditure before revenue flows in, nothing less than very high profits are worth aiming for.

Roy Wright looks back nostalgically to the days of the Canadian uranium deal, "when we had to do everything ourselves, from planning the mine to marketing the product—now with all these planning departments the place is unrecognisable." But the triumvirate learned as they went.

They learned how to charm money on an unmatched scale out of hardfaced German and American banks; how to minimise technical risks by relying on crude large-scale open-pit mining; how to negotiate patiently with sensitive, nationalistic governments; how to draw on other people's specialist skills (*developing a particularly close* liaison with Bechtel for construction management); they learned how to co-operate with other groups to solve marketing problems and spread risks.

In fact co-operation is the hallmark of RTZ at work. At Weipa in Queensland it has an amazing bauxite deposit, but this would have meant nothing if it had not managed to bring in the world's aluminium giants—Kaiser and Alcan and Pechiney. By next year nearly £400 million will have been invested in mining and refining and smelting to exploit the 1955 Weipa discovery, all on the back of an RTZ equity stake of no more than £18 million.

One general result of this co-operation pattern is that RTZ shareholders themselves own such a tiny proportion of the assets which they, more or less indirectly, manage. They own only 39% of the Palabora equity, only 42% of Bougainville, 43% of Hamersley, 26% of Lornex, 24% of Churchill Falls—while in each case but Palabora the total equity stake is small compared with the debt.

To some extent, therefore, RTZ is working hard at earning money for other people. Yet, as Duncan is quick to point out, the total assets involved are far above the UK's financial resources, and on every count it is better to have a controlling stake in all these projects than just to own one of them.

But there are also political implications. Besides its major partners, RTZ has local equity participation in many of its subsidiaries—sometimes on two levels, so that a Melbourne investor can buy shares in either Conzinc Riotinto of Australia or directly into a CRA-controlled operating company.

Besides bringing in useful extra cash this partly allays local fears that their resources are being milked and their economy taken over by far-off Londoners. It is an enlightened approach which, no doubt, one day the Fords and Essos of this world will have to adopt if they are to remain politically acceptable in the countries where they operate. But it creates a host of management problems which may be becoming worse.

Controversial man from Melbourne

Having minority shareholdings means that subsidiaries have to be run on a fairly loose rein from London. This is in *many ways* a good thing: Duncan claims that this concept of "minimum coordination" is the most important element in his plan because of the scope it gives for employing executives of the highest calibre. "If you want to press the buttons yourself then you will only get second-rate people."

So a strong personality such as Bob Armstrong in Toronto can claim that he regards control from London as a "very nebulous thing" and that he does not so much take instruction from Duncan and Wright as reach agreement with them. He worked out his own financing plan for Lornex, but "consulted" with Mark Turner as he went along. Yet the fact remains that while the precise limits to Armstrong's powers have not been laid down or tested he refers all significant capital spending to London (where he *himself* is a main board RTZ director) and checks, for example, all salaries over $30,000 with Duncan.

This uncertain relationship is coming under particular strain in Australia, where the crucial job of *running CRA has been* passed to the controversial figure of Rod Carnegie, a 39-year-old ex-management consultant promoted over the heads of experienced mining men after barely a year at CRA.

Even today attitudes can be found in CRA which track back to the 1962 merger, when the hard professionals of Conzinc, every one apparently born and bred in the back streets of Australia's oldest mining town, Broken Hill, linked up with the rather exotic figure of Val Duncan from London looking for ideas in which to invest Rio Tinto's cash.

Sometimes it is hinted that Conzinc alone knew about mining—*Duncan was just "good at* raising money." He is mocked for having signed an agreement that now pays large royalties every year to local explorers Hancock and Wright who did not in fact discover the iron ore deposits which RTZ is actually exploiting—though, to be fair, what Hancock and Wright were selling was the idea of iron ore mining in North West Australia, and the Melbourne mining houses had all been too cautious to move until Duncan came along. Conzinc could have had Hamersley but it was Duncan who got it.

But since the merger the myth has been allowed to grow (partly for political reasons) that Austra*lian-managed local* companies were enough to run each mining venture as a separate exercise and London could be regarded as a remote nuisance factor, to be blamed when things went wrong. During the 1960s, when demand from the Japanese was exploding and the priority was to bring mines into production swiftly and effectively, the myth could be sustained (although technical advice from South Africa and financial aid *from* London could not be ignored). But now the whole situation is changing, and this is Carnegie's problem and on a larger scale it is the dominant problem of the RTZ group.

The trouble is that the 1970s look like being as much a buyers' market for metals and minerals as the 1960s were for oil. With world economies in recession, intensified by the damage caused by the Nixon measures last August, Japanese industrialists are looking for every excuse to cut back their purchases. Iron ore is being rejected for quality and copper for pollution problems that in any other year would be bought freely: if the situation *deteriorates* even the firmest sales contract must give. As Duncan admits, "in the last resort people cannot eat copper."

To survive in such a climate a mining group will need more than tonnage. It will need a sophisticated marketing effort. It may have to follow the aluminium pattern and move downstream, into copper smelters in New Guinea or steelworks in Hamersley—even offshore projects such as a joint RTZ-Japanese steelworks in Indonesia which has been discussed.

This in turn will need better financial planning, yet the Australians, lacking the professional management traditions of Canada, have always tended to regard these as unnecessary arts and until Carnegie's arrival CRA left this sort of thing to London.

There is no need even to try to run RTZ like Esso or Shell. It *does not* need a *bureaucracy.* Co-ordination can be handled by a few men, such as Carnegie persuading bouncy operating companies to postpone their favourite projects for cash or marketing reasons, or John Longden, who has reached the RTZ board as a one-man Far East marketing department and is just about to leave London for his 56th visit to Tokyo in five years.

Much of RTZ's work is done through a strong network of top-level contact men: uranium is alleged to have begun because Sir Mark Turner sat next to atom chief Lord Plowden on an insurance company board; Roy Wright "happened to know" Bethlehem Steel well enough to fly out at a moment's notice to enlist their aid in solving the Churchill Falls financial crisis in 1968; the group's major links with Kaiser in Australian aluminium and iron ore helped to bring Kaiser into the Anglesey smelter project; it shares a director, Mark Littman, with a major potential customer, the British Steel Corporation; it has close links with European finance through both the London and Paris Rothschilds. On this level "co-ordination" should not hurt too much the susceptibilities of local governments or local company directors. But the risk is always there.

The changes through which RTZ is passing must affect a view of its share price. Last year out of £99 million consolidated group profit the net after-tax attributable to RTZ shareholders was £27 million. Earnings per share were just over 12p, and have been around this level since the Palabora profits began to flow in 1967. Through 1967-68 the share price leapt from 90p to £4—and yet this year earnings may even fall below the 1967 level. No wonder the company acquired an "always jam tomorrow" image and the price is back down at £1.85.

Yet on any reasonable view earnings per share should double over the next three years, because so many new projects are coming in. Bougainville dominates everything else—assume 150,000 tons of copper a year at £450 a ton, assume a cost of £200 a ton as metal (putting it slightly worse than Palabora's £180), add in £10 million a year credit for gold and silver, gives an operating profit of £50 million a year of which £16 million or so would net back to RTZ shareholders. Up to *£5 million* of *earnings* may *be* won from more than doubling Hamersely (assuming good production costs but some marketing problems), while Lornex, Churchill Falls, the aluminium expansion and the lead-zinc rationalisation will all contribute.

Something has to go seriously wrong for earnings not to double—RTZ's internal *forecasts* are probably looking for rather more. Yet there are problems. The immense burden of debt repayment means that the dividend, last year 6p per share, can grow only slowly. Tax rules mean that a heavy bill would have to be paid if any Bougainville earnings were remitted back to the UK so they must be earmarked for reinvestment in Australia.

A decision about risks

Ploughing back into yet more huge ventures must mean that the group never escapes from carrying a heavy burden of non-productive assets, although RTZ has learned to minimise this burden by borrowing interest as well as capital for new projects and capitalising it instead of charging against profits. Its accounts are always open to the charge that the minority shareholders do best, so that anyone who is utterly sold on Bougainville would do better to buy Bougainville Mining shares direct.

Above all the share is vulnerable to world economic problems. When the price of copper shifts £100 it will soon be making over £30 million a year difference to group profits. Yet copper has just moved *from £700* to £400 in barely a year. If Japan slows down much more then the vital extra tonnages from Paraburdoo or Bougainville may be unsaleable at any price. Conversely, once the world economy starts roaring ahead again, then RTZ is in a position to turn this into extra profits faster than probably any other London-based company.

So buying RTZ is a decision about risks, and it *might* be judicious to conclude that the price will fall further before it rises, but that when it does rise it could gather momentum very fast that may well bring it back to £4 on a two or three year view.

Buying RTZ is also a decision about management. *Sir Val Duncan is trying* for more giant projects. More hydro-power in Canada, uranium enrichment, big uranium developments (the true figures are a closely guarded secret) in South Africa, copper *mining* in *Siberia,* the *Thames* Estuary, and, perhaps the favourite of all, the Channel Tunnel. It is no use buying RTZ except on the belief that it can succeed with its next projects as well as its current ones.

Finally it *is* a decision *about* political risks. Val Duncan has a talent for handling governments, but governments in this world can only be regarded as the most irrational and unpredictable of institutions. And the great conservationist debate only compounds the problem. If RTZ finds enough copper to justify a big open pit mine in North Wales it will have to argue the whole business out with a government which itself must be very uncertain as to what true popular feeling in Britain is.

There is clearly a school of thought that does not want a mine in Wales on any terms. There are Welshmen who want the jobs at the *mine* and those who want to keep the country unspoilt, and those who believe that mass tourism does more scenic damage than one mine could ever do. At a price RTZ would undoubtedly lean over backwards to disguise the mine, but there is no way of making it invisible. The bigger the discovery, the more hard fought will the battle be, for RTZ wants UK earnings and the Government would value the big savings on foreign exchange. But the political tactics will tax all of even Duncan's diplomatic skills.

In a sense RTZ is reaching the end of its simple, romantic period, and its future must be far more complex. But however it does develop, there is a case for arguing that this is the most exciting and adventurous company that Britain and perhaps even Europe has produced since the war, because of its record in going out into the world, solving problems, ignoring excuses and getting things done. Thanks to Val Duncan, as Britain goes into the Common Market, mining at least is one industry of which we have no need to be ashamed.

Leslie Coulthard Management

Brettenham House, 14 Lancaster Place, London WC2 Telephone 01-240 1605

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Unless otherwise stated all replies (quoting the reference) should contain brief career details and will be handled in confidence by a consultant.

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Giles Foy Ref. FC/360/ST

*Replies (quoting the reference), containing comprehensive career and salary details will be sent direct, unopened and in confidence to the client unless addressed to the Security Manager.

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Appointments Division, 12 Grosvenor Place, London SW1

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Candidates should have experience of installing and operating computer systems, preferably on a bureau basis. While a professional qualification or university degree is desirable, the personal qualities needed to carry through a complex project serving several authorities are more important.

The post is superannuable with a starting salary of not less than £5,000 per annum. A car allowance will be paid, and housing can be arranged. Removal expenses will be re-imbursed.

Please write, in confidence, to R. E. Brown (Ref: B/26/3)

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Dalgety

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The problems cover location of industry, re-organisation of distribution and will progress into wider areas of work—Transport, Sales and Marketing, and will include the implementation of the proposed solutions.

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For full information, write for booklet and application form (to be returned by 21st January, 1972) to: Civil Service Commission, Alencon Link, Basingstoke, Hants. Please quote 345/4.

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Motor Industry

South Wales

QUALITY CONTROL MANAGER

Applications are invited for the post of Quality Control Manager for the Ammanford Factory of Delanair Limited which manufactures as original equipment heating and air conditioner systems for the Motor Industry.

The successful applicant must be a qualified engineer with sound practical experience in Inspection and Quality Control procedure of any of the "big 4" motor vehicle manufacturers. He will be responsible for monitoring quality of all the products and the efficient control of inspection functions. Duties will include liaison between design/buying production and process planning, both at Ammanford and also at the Barking Factory in order that quality balance can be integrated throughout the complete process of design and manufacture.

Salary will reflect the importance that the Company places on this appointment.

Application should be addressed in the first instance to:
Quality Control Manager,
Delanair Limited,
Heater Factory,
Abbey Road,
Barking, Essex.

Industrial Relations

Due to the impending retirement of our Industrial Relations Officer, we seek the services of a man aged 35-40 already well versed in Industrial Relations work in a Federated Company employing not less than 1,000 personnel.

He should be mentally and physically active, genuinely interested in Human Relations and have a well-developed sense of judgment and discretion which will enable him to play a significant and effective part in this vital area of the Company's activities. Membership of the I.P.M. would be an added advantage.

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Applications in strictest confidence should be addressed to:

Electrolux

Personnel Manager,
Electrolux Limited,
Oakley Road, LUTON, Beds.

ACADEMIC APPOINTMENTS appear on page 29

Company Secretary/Treasurer

c£4000

Electrical Components (Holdings) Limited is part of the major ITT Industrial Products Group; with a country-wide chain of warehouses, we are rapidly expanding in the field of electrical goods wholesale distribution. We are looking for someone to work as Company Secretary/Treasurer at our headquarters in Solihull.

He will report directly to the Financial Director and will have responsibility for general company matters, insurance and pensions, legal aspects and co-ordination of all regional cash requirements. His further progression will be limited only by the degree to which he can appreciate and contribute to the general management of the group.

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Applications, which will be treated in strict confidence, with brief details of career history, qualifications, age, and current salary, should be sent to:
Peter Thoday, Personnel Manager,
Electrical Components (Holdings) Limited, 692 Warwick Road, Solihull, Warwickshire.

AN ITT DISTRIBUTOR COMPANY

Senior Geologist

Minerals Exploration

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The successful candidates will be based in London initially but thereafter can expect to be assigned to responsible positions supervising mineral surveys overseas on assignments of 1 or 2 years duration.

Fluency in English, both written and spoken, is essential.

Applications giving full particulars should be sent to: Shell International Petroleum Co. Ltd., Recruitment Division (B) PNEL/33, Shell Centre, London SE1 7NA.

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(3) Engineering Diagnostic Programmes/Simulators/Emulators
(4) Data Transmission

Successful candidates, who are most likely to come from enterprising, marketing-orientated companies, can expect salaries ranging from £2,500 to £3,500. Prospects for the future are outstanding with a young ambitious company committed to rapid growth and firmly supported by the resources of a large international Group. Please write, with details of your achievements so far, to: F. A. Coulson,
Personnel Officer, Rank ENM,
Queensway, Enfield, Middlesex.
For an application form,
'phone 01-804 8121.

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This major international company has an excellent track record in marketing small computer systems in the UK. Increasing business and additional products in the visible record and small mainframe markets have resulted in the need for some additional senior business systems salesmen. Candidates must be experienced salesmen with a proven record of sales after a thorough training in the business machine field and/or systems stationery. The posts are based in London, Manchester and Birmingham.

(Ref. C2358/ST)

Replies will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising Limited,
2 Albert Gate, London SW1X 7JU

COMPA Computer & Management Sciences Appointments

PA International Management Consultants Ltd.

INDUSTRIAL RELATIONS OFFICER

The Ready Mixed Concrete Limited Group of Companies is a large international organisation whose activities primarily concern the supply of materials to the Building and Construction Industries. The Group consists of more than 60 subsidiary companies and employs over 11,000 people in the U.K.

Growth has been rapid and a recent development has been the establishment of an Industrial Relations Unit at Head Office in Feltham, Middlesex. We now wish to appoint an Industrial Relations Officer to join this small team of specialists working on new areas of policy and generally developing the Group's expertise in this field. His duties will mainly consist of assisting Line Management with wage and bonus negotiations and advising on all matters associated with such negotiations.

A minimum of two years' experience of advising on wage claims is essential. In addition, experience in presenting information on cost of living changes, interpreting employment statistics and computation of work measured bonus schemes would be desirable. This is a challenging new appointment which calls for an innovative approach and a considerable degree of flexibility and resourcefulness.

Excellent conditions of employment will be enjoyed, which include both contributory pension and free life assurance schemes. A company car will be provided.

Applications, which should include a brief outline of experience, qualifications and salary, should be addressed to:

Group Personnel Manager

RMC ADMINISTRATIVE SERVICES LIMITED
RMC House, High Street, Feltham, Middlesex

General Manager

—about £4,500+car

This is addressed to those who:

(a) Are in their mid-thirties
(b) Have a proven record of successful management in the process plant equipment or process engineering industry
(c) Are suitably technically qualified.

One of the country's leading Process Plant suppliers requires a General Manager for its Engineering Division, which has a turnover of about £1 million per annum, located in the Home Counties.

The Division specialises in the design and supply of plant based on drying technology to a wide variety of industries at home and abroad. The successful applicant will be responsible for the profitable operation of the Division.

This post offers an exceptional opportunity for an outstanding younger man to take general management responsibility.

An International firm of management consultants has been retained to advise on this appointment. Replies in the first instance to:
The Managing Director, Bull, Edlington & Partners Limited, 25-27 Oxford Street, London W1R 1RF quoting ref. no. 241.

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They will be responsible for all financial and administrative aspects of a de-centralised operation which will include cash forecasts, preparation of management data, preparation and control of budgets, etc. They will report to the Chief Accountant.

Salary: Negotiable, around £2,500 p.a. plus fringe benefits.

Send a postcard immediately for an application form to:-

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DISASTERS EMERGENCY COMMITTEE

(British Red Cross Society, Christian Aid, OXFAM, Save The Children, War on Want)

POST IN DISASTER RELIEF

Could you fly to the scene of an earthquake, flood or cyclone and help to assess the immediate needs? Could you build up a pool of knowledge about the range of supplies and techniques needed in disaster situations?

At times of disaster the Big Five British Relief Agencies now work together through the Disasters Emergency Committee. This Committee requires a Liaison Officer to work with the Secretary.

He should be a mature and experienced man, possibly with either military, foreign service or overseas aid experience. He should have worked extensively overseas, possibly on several continents, and speak one or more foreign languages, preferably including fluent French.

This is a [illegible] post. Write to: The Secretary, D.E.C., c/o British Red Cross Society, 9, Grosvenor Crescent, SW1X 7EJ.

Box No. replies should be addressed to THE SUNDAY TIMES, Thomson House, 200 Gray's Inn Road, London, WC1, unless otherwise stated. No original testimonials, references or money should be enclosed.

PERSONNEL MANAGER

This is a new appointment with a nationally known, fast expanding organisation in the North West, manufacturing and selling a wide range of industrial and consumer chemical products.

The ideal applicant will hold a BA or similar degree and be able to demonstrate a progressive record in the personnel field or in administration. He must be practical with a professional approach and experience in a managerial position would also be an advantage.

Reporting directly to the Board, he will be responsible for the development of the complete personnel function and it is expected that he can advise generally on disciplinary procedures and industrial relations.

The successful applicant will probably be over 30 years of age and is unlikely to be earning less than £2,500 per annum at present. Salary will be negotiable but this is not expected to be a deterrent in final choice. A pension and life assurance scheme is in operation and generous assistance with relocation expenses will be available.

Applications will be treated in strict confidence.

Box AU697.

مكتبة الجامعة

Filling the generation gap

ONE OF THE last things you expect to find in a snow covered valley 45 miles from Oslo is a factory making gas turbines. But that is just what a company called Kongsberg Vapenfabrikk is selling—the transportable variety seen here with managing director Bjarne Hurlen. Each sells for £50,000 and is intended for hospitals or schools needing emergency electricity supplies. KV has already sold 30.

The development of these machines, more specialised than those turned out by big firms, is typical of the Norwegian engineering philosophy: aim for specialisation and you can make a good living. That is why KV, which started out making guns and rifles for the king in 1814, is going for particular lines with its other products, including computers and numerical controls.

Military orders still account for more than half the business (which also includes making drive shafts for Swedish Volvos) and KV is scoring with some interesting profits—they have nearly doubled in two years and with a turnover of £14 million, KV is around number 10 in Norway's industrial league table. As managing-director Hurlen says: "We will never be a major engineering force in Europe. But we could become one in the eyes of certain customers."

Norwegians at the limit

BY JOHN FRYER, Oslo

IN EIGHT days time, Geoffrey Rippon, Britain's Common Market negotiator, goes into a meeting with ministers of the Six to thrash out an acceptable fishing policy. At present, talks are deadlocked, although Rippon has found ways round worse impasses in the past. But the key to success or failure may lie not with him but here in Oslo, where the Norwegians are nervously edging their way towards Europe while refusing to concede an inch of their valuable fishing grounds.

It may seem slightly bizarre that the Norwegians, who are very much the lightweights in this battle of the European big boys, should be able to exert power for virtually the first time since they applied to join the Community. But the feeling in Whitehall is that Rippon will not be able to accept anything less for British fishermen than the Norwegian Government gets for the Norwegians.

Geoffrey Rippon is said to see the fishing problem as the last major stumbling block to signing the Treaty of Accession just before Christmas. But, if he has a problem finding a way to hold on to support from Tory backbenchers in fishing constituencies, his difficulties are nothing compared to the Norwegian Government's.

It is the plain fact that fishing could completely sabotage Norway's chances of entering the Community, which most of the country's industrialists, trade union leaders and the majority Labour Party see as essential, that is worrying people in Oslo. Their dilemma is that they need to keep up their fishing industry (which still accounts for 15% of Norway's exports), while at the same time desperately wanting an expanded free market to push on the embryonic, but potentially thriving, engineering and manufacturing industries.

For Norway, often seen as a land of fishing, with some timber and aluminium businesses, is really a much more complicated economic animal. It is true that fishing is the mainstay of the north, where small communities, sometimes numbering only 200 people, live among the hundreds of islands in the 1,600 miles of fjords and coastline. But in the south around Oslo (pop 490,000) and the oil boom town of Stavanger in the west, things are rather different.

Only 400,000 of Norway's four million people live north of the town of Trondheim, which is about a third of the way up the coast. It is particularly along this northern area that Norway is demanding a 12-mile copper-bottomed fishing limit, which cannot ever be re-negotiated. It would, if possible, like a similar limit round the whole coast.

(The Six are offering a package giving certain areas, which in Britain includes the Orkneys and Shetlands, a 12-mile protection, but are insisting on this being negotiable after 10 years. Rippon has rejected these terms.)

The reason for Norway's dogmatic stance is that it fears the big trawler fleets, particularly from Hamburg, will move in to clear out its already over-fished northern coast. If this happened, small towns and villages, many of which have a fishmeal or freezer factory, could simply die.

Despite the fact that fishing accounts for only 1½% of Norway's gross national product, the Government wants to keep its Northern communities going for social reasons. With an exposed coastline, and a short land border with Russia in the far North, this argument may have sense not only for Norway but for NATO.

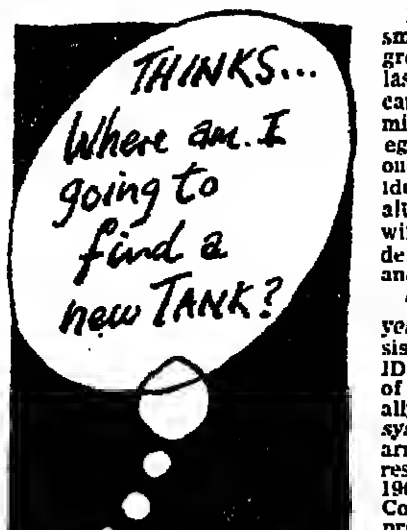
At the same time, the Government has to tackle an industrial picture which shows a decline in Norway's traditional industries, based on its natural resources of water (for hydro-electric power) and timber for pulp and paper. There are clear indications, with a growing conservationist lobby to protect remaining waterfalls, that further expansion of hydro power will be limited. Meanwhile, bankrupt pulp mills at places like Mjondalen, on the road from Oslo to Kongsberg, testify to the failure of Norway's timber industry to keep its prices down to a competitive world level. At the moment, of course, Norway's other traditional industries of shipping and shipbuilding are continuing to do well.

But, along with them, it is companies like Kongsberg Vapenfabrikk, that the Government sees as the hope for the future. Specialisation in lines like KV's gas turbines should open up profitable export opportunities in the EEC, particularly in Germany, the chief importer from Norway.

So it is against this background that Norway goes into the coming week with apprehension. Of course there is a brighter side, like the big oil find at Ekofisk, the Phillips Field 186 miles out in the Norwegian sector of the North Sea. At Stavanger a massive concrete bubble, 290ft round, is being made, to tow out as an oil storage tank for the field; it is a new, and potentially hazardous, Norwegian island, for the water there is only 220ft deep.

Last May, when the Storting (Norwegian Parliament) voted on whether to continue talks on fishing with the Six, 37 members out of 150 voted against. To join the Market, after a consultative referendum, the Storting must have 75% in favour, so one single vote could swing it. These are the stakes the Norwegian pro-Marketeers are playing with in Brussels. It will take all Geoffrey Rippon's dexterity to save his, and his Norwegian counterparts, political face.

As Rand Corp parts with its top man, HARLOW UNGER finds America thinking hard about its thinkers



HENRY ROWEN is looking for a job. He is 46, has a BSc in Chemical Engineering and Industrial Management from the Massachusetts Institute of Technology, and he has a BA in Economics from England's Oxford University. He is married, has six children, and, except for a two-year leave to study at Oxford, he has held but one job for one employer for the past 21 years.

Rowen's job is — thinking. Indeed, for the past four years he has probably held America's top thinking job—as President of Rand Corporation, America's most prestigious "think tank."

There are about 20 such think tanks in the US now. The 10 largest took in about $250 million last year from thinking activities and employed about 12,000 people. The largest is Batelle Memorial Institute, which earned $110 million and there are other acronymic organisations such as ARPA, MITRE, ANSWER and IDA.

Rowen made headlines last week by announcing his resignation. Officially, he explained the move this way: "Maintaining vitality in institutions and in people is brought about by change. Rand and I are no exception."

Unofficially, there was little doubt that Rowen's departure was not voluntary. He had started at Rand with eight years in the economic department, then led a study which led to the basing of 1,000 Minuteman Intercontinental ballistic missiles in the US at a cost of $20 billion. That decision proved so bad that the US must spend an additional $15 billion for the safeguard anti-ballistic missile system needed to defend the Minuteman.

Nevertheless, it was not that display of illogic that led to Rowen's departure. Thinkers are expected to err. Instead, it was his close friendship with former Rand Corporation researcher Daniel Ellsberg, who allegedly copied the now-famous Pentagon Papers while at Rand before passing them on to the Press for publication.

Virtually all mistakes but security leaks are forgiven in a think tank—poor thinking, illogical thinking, mistaken thinking and even no thinking at all.

Think tank thinkers are permitted and even encouraged to talk to one another freely and without reservation—inside the think tank. It is only through such constant exchanges of ideas that think tanks eventually turn out their final products. But the cardinal rule of every think tank is never to utter an inside word outside. Indeed, once outside the tank, it is best not even to think the thoughts one thought inside.

Rand is a non-profit research foundation—the letters are an acronym for Research And No Development—and pays no taxes. It was founded in 1948 to "further and promote scientific, educational and charitable purposes—all for the public welfare and security of the United States of America."

In simpler language, Rand was started by the US Air Force to plan its future strategic systems when it found it could not pay scientists and thinkers sufficiently high salaries to prevent them from returning to university campuses after the Second World War.

Think tankists have been responsible for every new weapons system the Pentagon has ordered since the start of the Korean War. Although the American public blames the Pentagon and its generals for the huge military burden America now carries, there is ample evidence that the Pentagon's generals are often reduced to nothing more than beribboned marionettes that dance to the tunes composed at America's think tanks.

Rand Corporation is relatively small, as think tanks go, with gross revenues of only $27 million last year. Of the total, $11 million came from the Air Force and $9 million from other Government agencies for security work. No one outside Rand has the slightest idea what these projects involved, although it is certain they deal with Chinese and Soviet strategy, defence inventory management, and nuclear proliferation.

The work of the $13-million-a-year Institute for Defence Analysis (IDA) is even more secret. IDA was set up by a consortium of five colleges in 1956. Theoretically, its job was to study weapons systems, civil defence and disarmament, but the only visible results of IDA's research were the 1968 riots by Harvard, Princeton, Cornell and Columbia students protesting against the use of their campuses for IDA research for America's war machine.

Even Rand has now diversified into non-military areas. It now spends 25% of its resources studying urban problems at its newly-established Rand Institute in New York. Rand Institute has undertaken a number of studies for the New York City Government.

Dr Ralph Lapp, former head of nuclear physics for the US Office of Naval Research, contends that the Government created think tanks to fool the public into believing that all Government claims can be backed up by independent research. But, Lapp claims, "You can always make an analysis turn out the way you want it if you feed in the right inputs.

"The think tanks are now going to have to stop fooling around and get down to some serious thinking if they plan to continue diversifying into non-military areas."

The personal tragedy of Rowen's forced resignation was that it had been he who planned and started Rand's diversification into America's domestic rather than military problems. Although the Pentagon was not even slightly suspicious that Rowen knew anything about Dr Ellsberg's adventure with the Pentagon Papers, "Rowen was captain of the ship, and once that kind of ship springs leaks, you have to get a new captain who knows how to run a tighter ship."

Computers: why Britain cannot go it alone

BY TIMOTHY JOHNSON

WHAT DO we want our computer industry to look like in 1980? What will it be like if things are left to go on as they are? How can we bridge the gap between the two?

These are the questions which Parliament's Select Committee on Science and Technology should have tried to answer when it reported on the prospects for the industry last week.* Instead, although it showed its heart was in the right place and produced an excellent survey of the current situation, it preferred to play the old game of setting up new Government bodies and giving them large, but vaguely specified, lumps of the taxpayer's money to play with.

The chief practical recommendation in the report was that the Government should spend substantial sums—"not less than £50 million per annum"—to finance market-oriented research and development by British-controlled companies in the industry. But questions as to how the money should be spent, and what the taxpayer could expect in return, were brushed aside.

And the great omission was any mention of the objective which has been taking up vast amounts of the industry planners' time in the past few years—how to promote co-operation between Britain's ICL and the Continental computer firms such as Siemens, Philips, AEG and CII. Instead, there was a rather ugly industrial chauvinism all the stranger beside the dogged attempts of ICL and others to get co-operation off the ground.

The report puts repeated emphasis on the need to give preference to companies where the controlling share interest "is held by UK nationals." But there is little discussion of why we should have a wholly British owned computer industry, still less of whether it is feasible.

And looking ahead to 1980, the answer must be that it is not feasible. Given the realities of home market size and technological nationalism, a wholly British computer company will inevitably be kept down in the second division of the world league.

By the end of this decade, the computer industry is likely to have a structure rather similar to the car industry's which it promises to rival in size. No doubt many small and medium companies will survive very well serving specialised sectors. But the mass general computing market will be supplied by IBM and two or three other American giants, perhaps with one or two Japanese ones as well—and with a question mark over the future of the European independents.

The European companies could remain almost entirely local suppliers, living off Government preference and a protected home market. If the politicians are foolish enough and the taxpayers stand for it, they could have become dependent on huge research grants to enable them to develop a wide range of their own equipment and systems despite their small turnover.

More probably they will become, increasingly, assembly and sales organisations sewing together modules bought from other suppliers, mainly American. As such they would probably be fairly profitable with only modest protection. But they would give only the illusion of being a complete local computer industry. Whenever Government or industry wanted *really advanced* systema, it would have to go to the Americans for them.

Without European co-operation, these alternatives are the best that can be hoped for. Suppose ICL does get, say, £25 million a year in research contracts. It cannot possibly achieve a proper return on the money without large sales in the rest of Western Europe. But in Germany the Government will be struggling to get a return on all the money it has put into Siemens and AEG's computer interests; in France the favoured protégé will be CII, and so on.

This means that any schemes for injecting large amounts of money into the computer industry should have genuine European co-operation as one of their first objectives. And instead of saying as the Committee does, "The Germans plan to give their industry £102 million in 1975, we should keep up," it would be better to ask how the British industry can benefit from the money.

With programmes of this size there should be tremendous scope for cross-licensing and work sharing. There is no good reason why every country in Europe should simultaneously try to invent the wheel. And since the money is being provided by Governments, the commercial obstacles to co-operation should be much easier to overcome.

Up to now, attempts at co-operation have been too obsessed with grandiose projects—a new giant computer, a space research system, and so on. Better first steps would be more modest reciprocal agreements on the development of peripherals, specialised systems and so on. But the aim for 1980 ought to be a consortium of computer companies fully up to the world class in technology and marketing strength. The consortium would need to be capable of serving any computer needs Europe might have, strong enough to win at least half the total European market, and internationally competitive enough to sell in the United States and Japan.

The practical problems hardly need listing. It seems *unlikely that* the powers *that* be will be prepared to sink all their interests in a single European computer corporation by 1980, which is why the consortium approach with all the limitations that would entail may be necessary. Fairly drastic measures might be needed to give the consortium the market share it needs. Tough diplomacy with the United States and Japan will be needed to ensure the consortium has the same opportunities there as American and Japanese companies have in Europe.

This adds up to a tall order, but there are good reasons for it. Europe needs a total computer capability under local control for reasons of economic rather than military strategy. If anyone still thought the US was an eternal fountain of economic benevolence, events since August should have disabused them. A world-class computer company should be a highly profitable investment. Why shouldn't Europe get a share? The computer industry offers some of the most exciting and rewarding work opportunities around today. Europe should offer its citizens a full chance to enjoy them. Management information systems, credit checking, government, health care, education—these are just some of the areas where computers will be important. If we are to have full control over our own destiny, we need to work out our own solutions to these problems—not make Hobson's choice of systems developed for the US Middle West.

None of this is to say that American-owned companies should be excluded in any way from European markets. On the contrary, their health and presence is very valuable. But Europe—and the rest of the world—does need a genuine alternative with a different approach and different ideas.

* *The Prospects for the UK Computer Industry for the 1970s. House of Commons Paper 621-1; S.O.; 47p.*

A plague on both your taxes

BY MALCOLM CRAWFORD, Economics Editor

ONCE AGAIN, for the second time within a decade, Government and business are split over basic reforms proposed for company taxation. Unlike in 1965, the present Government has proceeded by consulting before acting. Last spring it proposed a German-style two-rate tax system—one rate for retained profits, and a lower one for distributed profits, with standard-rate deductions of income tax on the latter bringing the two into overall equality by the time the money reached the shareholders. But its mind was not quite closed to an alternative—an anglicised version of the French system of "imputation," whereby there is a *single rate of corporation* tax, which is deemed to include the shareholder's income tax liability (again at the standard rate).

Last week the Commons Select Committee appointed to review the matter came down in favour of the French system. So (since the Government published its green paper) have the Germans. If Britain were to go on to the German two-rate system in 1973, as proposed in April, we would be the only important country in Europe with that system.

Rumour has it that Treasury Ministers are now leaning in favour of an "imputation" system too. But industry (or rather, *multinational* business) is unhappy about both alternatives and, with the support of the CBI, is canvassing other proposals which would be more liberal towards earnings from overseas.

Shareholders never expected this

The Government's main objective, in proposing the reform, has been to "remove the present discrimination against distributed profits." Its decision would also be influenced by "developments in company taxation within the European Community." Easing the lot of Britain's multinational companies, although a live subject in the financial pages ever since Jim Callaghan introduced corporation tax in 1965, has never become a great political rallying-cry. Even so, their shareholders can hardly have expected, on election day June, 1970, anything quite as bad as the Government evidently plans now.

On this aspect of the reform, it makes little difference whether the Government goes for a two-rate or an imputation system — given the Inland Revenue's stipulation that, for administrative feasibility as well as equity, there must in either case be prededuction of income tax at source.

The choice offered is either corporation tax on retained profits at (say) 50%, and on distributed profits at 20%, with a standard rate of unearned income tax of 30% equalising the two (assuming standard rate shareholders); or corporation tax at 50%, of which a schedule F income tax payment of 30% on the dividend is deemed to comprise the first instalment. Though formally different, in their arithmetic (given these rates) they are identical.

In either case, a company with £100 profits all retained, pays £50 tax and that's that. If the £100 profits are to be distributed (apart from tax) it is a bit more complicated. For a start, £21.43 is paid as income tax. Under the imputation system, this represents 30% of the imputed gross dividend (£71.43) of which the net dividend is £50. This £50 net dividend is paid out. Then the other £28.57 is paid as the balance of the firm's corporation tax liability, and the tax collector treats the company as having paid £50 (£21.43 plus £28.57) in corporation tax. Under the two-rate system, the £21.43 is not called a credit against corporation tax; the latter is charged at a lower rate, on the distributed profit, but the tax paid works out the same.

Now suppose the firm's income is all from overseas, and its average foreign rate of tax is 50%. If all profits are retained, it can nicely offset its foreign tax against its corporation tax, and pay no UK tax. If *it distributes all its* profits, however, it has a problem. Its shareholders' schedule F tax is not refundable, and hence the maximum rate against which foreign tax can be offset is 28.57%, where all profits are distributed.

Under the present system, up to 40% foreign tax is offsettable, whether profits are retained or paid out. Multinationals will, therefore, have a far more powerful incentive to retain earnings under the Government's proposed system than under the Kaldor-Callaghan one. They will also be worse off, on average.

The Government has not gone firm on the numbers, of course, but merely changing the numbers does not help the multinationals. The standard rate of income tax on investment income could hardly be less than 30% (it is 38.75% now), and if it were higher the penalty against firms with foreign earnings and low retentions would be even greater than in the above example.

Shell should not be much worse off than at present; with a fairly average pay-out ratio, it might be able to offset almost 40%—though a director, R. T. Esam, revealed in evidence that its average effective rate of foreign tax was 51% last year, and expected to rise. So Shell will continue to have an increasing overspill problem.

British Petroleum, with a dividend barely more than covered, will find itself with only about a 30% effective UK corporate tax rate to offset against a foreign rate even higher than Shell's.

Yet to concede relief by extending offset privileges to the shareholder's income tax liability would, in the view of the Revenue, open the door to a return to the pre-1965 tax system, with all its anomalies, complexities, and administrative problems. The Revenue's preference for the two-rate system, over *imputation*, rests on the belief that a law which deems income tax to be an instalment of corporation tax will be too easily bent by some Government into a new version of the pre-1965 tax system.

The two-rate system has two snags, however—despite its virtual identity with the imputation system (in the form proposed). One is minor, but not insignificant: many firms would like to be able to make projections of their corporation tax independently of future boardroom decisions about dividend payout. The two-rate system precludes this. The more important one though (and the main reason why the Germans are dropping it) is the difficulty about double-tax agreements with the US.

The present Anglo-US withholding tax, on distributions from subsidiaries (in either direction) is 15%. With a two-rate system incorporating schedule F tax at 30%, equity would require imposing withholding tax on foreign-owned firms at 30%, too. But then the Americans would raise their withholding tax on British-owned subsidiaries to 30%. The cost of this, to *Britain*, is estimated at £30 million to £60 million a year.

With an imputation system, corporation tax would be 50% in Britain (at least, that is the figure canvassed) regardless of who owns the firm. The 30% imputation would take the form of a concession to British shareholders. We would be quite happy to continue levying 15% withholding tax on the Americans, as well as taking 50% corporation tax from them.

In other words, the committee, and the others who support the *imputation* system on this ground, see it (to put the matter crudely) as a way of increasing UK tax on US subsidiaries without their noticing, or objecting overmuch. After the events of the past three months, who, on sober reflection, would now feel sure that the Americans would not object? Very forcibly?

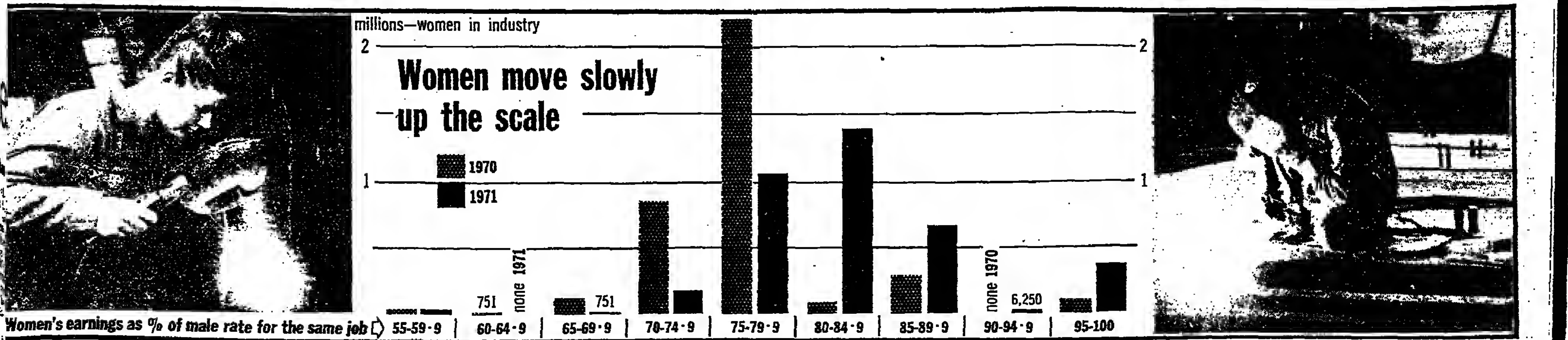
Boardrooms not affected by taxes

I find it hard to feel great enthusiasm for either version of the Government's proposed reform. Even the basic concept of making corporate tax "neutral" as between distributed and undistributed profit is phoney, for it assumes that shareholders are standard rate taxpayers. In the case of tax-relieved institutions, the proposals would bias the system in favour of distribution.

In fact, the evidence indicates that boardroom decisions on profit distribution are not very sensitive to the incidence of tax. When the discriminatory taxation of dividends of the 1950s was abolished, dividends rose (relative to pre-tax profits) by about the amount of tax relieved. Since 1965, there has been negligible real change in distribution. Neither the German nor the French measures of the early 1960s, both of which were meant to encourage domestic capital markets through higher dividend distribution, are considered by German and French financial officials to have worked.

Perhaps Tony Barber and Patrick Jenkin ought to leave the corporate tax system as it is (now that business has learned to understand and operate it), at least until it becomes clearer what Common Market membership entails in this area. They have plenty else to do in fiscal reform, by 1973.

Graphics by Rex Clifford



EQUAL PAY Industrial apartheid as firms evade the Act

BY VINCENT HANNA

Where they stand on fringe benefits

% of employees covered by Pension and Sick Pay schemes

	PENSIONS MEN	PENSIONS WOMEN	SICK PAY MEN	SICK PAY WOMEN
Manual	45·3	11·9	62·9	48·8
Non-manual	73·2	38·6	91·6	82·3
Average all employees	54·4	26·4	72·1	67·0

ITH FOUR YEARS to go fore the Equal Pay Act comes to operation Britain's 8½ illion women workers have ready discovered that the ew Deal, promised so thusiastically by Barbara astle last year, has nasty rings attached. Last week illiam Hamilton, Labour MP r East Fife, won one of the p places in the ballot for ivate Members' Bills. He nounced his chosen topic the reform of the Equal Pay t. By any standards it will a big job. In many cases the ew Deal can simply amount industrial apartheid.

The figures for basic rates ll a different—and mislead- g—story. In terms of simple inimum pay women have ade progress since 1969. So turally these are the num- rs trotted out regularly by nployers to show that a oman's lot is no longer un- ppy. But it is not as simple that. The wages in our chart e *minimum* rates and under e Act they have to be ualised by 1975. Further up e scale a series of smart noeuvres by employers have ade sure that, in real money rms, women workers are, in me cases, even worse off an they were a year ago. A cent survey carried out the Coventry Engineering nployers shows that while men have *increased* their percentage share of male rates over the past three years, the difference in their take home pay has widened by as much as £10 a week. The big catch occurs when women and men are pushed into different jobs. There is then no basis for comparison between them, so the women become separate but not unequal. They then quickly find out that "Equal pay for the same work" is not the same thing as "equal pay for work of equal value."

Discrimination does not end there: on issues like pensions and sick pay schemes women lag far behind in industry: assuming (and it's a big if) that they even get the opportunity for job advancement in a male-dominated society.

At a seminar on equal pay in Harrogate last month, a personnel manager from Hawker Siddeley put it this way: "I'm an Englishman, and I think that most people like me, would never work for a woman or a black." Against a background of such prejudice, even effective legislation would be inadequate.

But the Equal Pay Act was never adequate; it evolved as a compromise between workers and bosses, and was the last legislative flourish by Barbara Castle as Secretary of the Department of Employment before the 1970 General Election. The compromise arose out of a violent argument by both sides of industry about the meaning of the words "equal pay."

Most trade unions favoured the term "equal pay for work of equal value," the definition adopted by the International Labour Organisation in Convention 100, issued in 1951 and ratified by most European countries. Britain ratified this convention last year but already it seems clear that the new British Code departs radically from the spirit, if not the letter of the convention.

Barbara Castle's Bill drove a hairsplitting path between the various definitions of equality. The formula which applies in Britain is that:

● Where men and women are engaged on "like or broadly similar work," the terms and conditions of the women cannot be less favourable.

● Where women's wages and conditions are governed by a collective agreement or wages council order, the terms of the women cannot be less favourable than those of the men.

● "Like work" is defined as either (a) the same job as the man, or (b) a job which has been rated as equivalent to a man's by an independent job evaluation exercise.

Now it is all very simple, where women and men do the same job, or where there are long established grading structures which enable any worker to know where he stands on the ladder of progress. Between 1954 and 1961 equal pay was implemented in the Civil Service and nationalised industries with relative ease, at a cost varying from 1½% of the total wages bill in the electricity industry (where there are few women) to 8% in teaching (with 65% women). It was these figures that caused the last Government to optimistically forecast the overall cost of the Act at 5% on the national wages bill.

The Equal Pay Act places women at the mercy of job evaluation exercises. Unless her employer introduces one she has no basis for complaint. A high proportion of Britain's 8½ million working women are engaged in tasks that are described as "women only" work, thus having nobody to compare with, and will derive no comfort from the Act. And "there will," said Mrs Castle in February last year, "be no obligation on employers to carry out job evaluation."

Since the Act was passed an increasing number of companies have devised ways around their legal obligations to their female employees. In every case the fiddles openly practised in British industry are the results of loopholes in the Act, seven of these avoidance techniques stand out, as very common, and as prejudicing the whole principle of equality:

Separate but not equal

Make sure that men and women do different jobs. Drop into your local department store and note how few men work as shop assistants. Any you do find are, more likely than not, described in the company books as "management trainees" in case comparison of their wages with women's becomes odious.

The night time is the right time

The Act permits employers to pay more for work performed under special circumstances, as long as men and women doing the special work get paid the same. This theoretical equality is in reality a gaping loophole. For instance women are legally not allowed on night work. The shrewd employer then offers a far higher rate for night work; or "dirty" work or "heavy" work. Any woman who wants it can have it. But few turn up. Extra shift bonuses act as a loophole in much the same way.

Over the odds for overtime.

Women traditionally do not work overtime, for the same reasons as they avoid night and shift work. There will be a rich bonus for the employer who jacks up his overtime premiums as well as his shift supplements and service payments.

Age before equality.

Service payments are another common fiddle. There are 6¼ million working mothers in Britain and every one of them has stopped and started work. Large extra payments or special bonuses for long service with the firm, especially unbroken service, inevitably means that men will earn more than women for the same job.

Regrading horror

The Act forbids collective agreements to specify that rates are women's or men's, as of December, 1975. There is a simple way around this, and is already being used extensively. You simply group all the jobs normally done by women and call them "grade six." Grade your male workers into five higher grades and pay them accordingly. You will not be breaking the law.

The basic-rate fiddle

There is a more sophisticated version of this fiddle for companies with consciences. The trick is to raise the woman's *basic rate* up to the existing men's rate so that equal pay is temporarily achieved. You then re-grade all jobs giving special premiums for "dirty," "heavy" or "strenuous" work and your effective men's base rate comes out higher.

Evaluate for fun and profit

Job evaluation offers the best scope for evasion. It has the advantage of being commended by the Act and seeming "scientific" to innocent female labour. In fact job evaluation is far from scientific; it is merely systematic. You take a number of characteristics and award them a points value, but what score you give to each is entirely up to you. The technique is to concentrate women in the lower grades, and explain it away on the basis of "lack of skill" or "no training." You can also explain it on grounds of "lack of strength" (which scores high) and ignore virtues like dexterity (which you score low). The only real protection the worker has against this form of crookery is a militant and vigilant union. But unions tend to protect the interests of their most active members, the craft conscious men.

Even better is a new and sophisticated dodge which seeks to create a "unisex" grading structure with the lowest rung of the ladder at a point below the previous minimum male rate. Take an example of a company which currently pays £17 for men and £14 for women. The company could re-evaluate all the jobs and put the new minimum "unisex" grade at say £15 a week. With skilful manipulation of the grading structure as shown above, the company ends up with the bulk of its women on £15; and that is a saving of £2 a week on the costs of true equal pay under the Act.

But fiddles and evasions apart, we can show the progress, or lack of it, towards equal pay since the Act was passed in two ways; first, by setting the latest statistics on women's pay rates in the UK in the table above, and second a look at 44 of Britain's top companies.

The exclusive survey was carried out with the assistance of Yvonne Frost, of Industrial Relations Review and Report, the leading magazine in this area. Forty-four firms answered a detailed questionnaire on equal pay policy and were selected from British industry as follows. Eight from food, drink and tobacco; nine from insurance and banking; three from chemicals; 14 from engineering; two from paper; four from the public sector, and four miscellaneous firms.

The returns show a startling laxity towards the Equal Pay Act, even from companies with a sophisticated record in collective bargain. Of the firms 32% have as yet made no provision for the introduction of equal pay; 61% had some scheme in view and eight companies had introduced equal pay already. These companies were drawn largely from insurance and banking where equal pay has been a feature of employment for several years. But even the optimistic picture in insurance must be balanced against the fact that eight of the nine companies surveyed in this sector admitted that a large group of women were employed in "female only" occupations (mostly clerical). Five of the companies conceded that there were jobs *in their firm* which were barred to women.

In the overall survey, the results were even more pessimistic. We found that a large number of companies (17) wished to postpone the implementation of the Act until the last legal minute (1975). Among these were Quaker Oats, BSR, Courage, and London Life Assurance. Our results tend to show that the average British company has either introduced a scheme by now, or intends to delay as long as possible. Only eight firms had plans to bring in a scheme before 1975.

On the vexed question of job evaluation there were wide inconsistencies in the answers. Thirty-three of the companies (75%) had already carried out some job evaluation, but 17 (39%) stated that they did not intend to evaluate again before implementing equal pay.

A massive 91% admitted that there were "women only" jobs in their company, the vast bulk being in clerical and unskilled areas. But there were some interesting *individual* cases. We found that in the food industry many of the packing jobs are women-only. Kraft and Farleys both use women packers for part of their operation, so does the British Sugar Corporation. BSR used women to do cleaning, some machine operation and some inspection.

On top of that 73% of the companies surveyed freely admitted that they had some jobs from which women were barred. The same sort of response was found when we asked about job opportunity. Were all training courses open to women? Fifty-two per cent of our firms said no, revealing that craft apprenticeships, top supervisory courses and non-clerical work tended to be closed to females.

A great deal of the initial hesitation over the introduction of equal pay has been excused not by basic male chauvinism, but by the cost of the operation. Significantly many of the firms with equal pay already in operation are those which employ a small proportion of women. We asked the 44 companies in our sample to estimate the cost of *bringing* in the scheme; 88% had prepared a detailed analysis of the project. Below are some of the results: in only one case (Cussons) would the cost have an appreciable effect on the firm's profits.

Whatever the effect of the Equal Pay Act on the wage packets of Britain's working women, when it comes to fringe benefits they come a very bad second. Paula Lanning, a leading authority on equal pay, found that over 50% of female manual workers are still not covered by sick pay schemes. Even more alarming is the fact that only a quarter of female workers are covered by occupational pension schemes. It is an integral part of British industry's refusal to accept women in "career" terms as opposed to doing a job for a temporary period. Our company survey showed that although most firms have private pension schemes, less than half gave the same benefits to men and women. The most common difference occurred where women entered the scheme late and retired early, but in several cases we found companies prepared to differentiate dramatically between men and women in the money they paid out. One company gave women £2.80 for each year of service, but £10.00 to men.

Most of the corporate stunts we have listed could have been forestalled by a more carefully drafted Act, but employers could never get away with many of their schemes if they did not have the tacit co-operation of trade unions at local level. The truth is that equal pay is as unpopular on the male-dominated shop floor as it is in the male-dominated boardroom.

William Hamilton's Bill has little hope of success, but it could provide an airing for many of the grievances now felt by women in industry who see Mrs Castle's new dawn proving a false one. It may even help Employment Minister Robert Carr (who believes strongly in equal pay) to decide what to do with the Act next year He has power to order the intermediate implementation of equal pay at a fixed percentage at the end of 1973. Such a decision would help many low-paid women; but the problem needs more radical thought.

NEXT WEEK:
the guilty unions

What it will cost

company	no. of women	estimated cost
Pilkingtons	3,200	£200,000 p.a.
Hoover (Perivale)	344	£52,000 p.a.
Ranco Motors	292	£25,000*
Rolls-Royce (Derby)	1,344	£69,143 p.a.
(Brewery)	184	£40,000*
(Public Sector)	514	£40,000 p.a.
Cussons	1,200	£200,000 p.a.

* total cost

Commercial and Industrial Properties

Michael Ward

Devid Levinson (left) and Tony Gordon-James: spreading to Britain's "area capitals"

Get out of town

People and Property

BY MICHAEL PYE

THE ODD THING about the cost of property in the South-East is that the prices are bluff. There is now so much investment money, hungry for land and buildings, that the supply of London office blocks is drying up rapidly. That means investment advisers will have to discover new fashions—and new areas.

It will not be the dramatic rise from £6 to £11 or £12 in Central London over the past few years. It could be the healthy 66% rise in five years which starts at a mere £0.75 and ends at £1.25-£1.50. And rent levels in the South-East are rapidly becoming intolerably high. Some time, maybe in the next two years, the price spiral will break. At that point, the out-of-town developers should come into their own.

The question is where they should be building now. The fashion says Bristol, maybe Leeds. The money adds Newcastle. More than 500,000 sq ft of office space is either building there now, or waiting for developers to act on planning permissions. Ravenseft alone, in a vast joint development with Newcastle City Council, plans 577,000 sq ft at All Saints, down by the Tyne bridge. Commercial Union is backing a 138,000 sq ft building.

The controversial £26 million Capital and Counties scheme for Eldon Square is now through finance and planning committees; the full council should approve it on December 1. Its office content is tiny—only 30,000 sq ft; and it has lost its hotel.

And Tony Gordon-James of London and Overseas is also there preparing to start work on a 70,000 net sq ft office block hard by Newcastle's Central Station. Architect David Levinson says: "If you're in the North East, you have to be in Newcastle."

London and Overseas reckons the Grainger Street block will cost it £1.25 million, and be worth £1.75 million. Levinson pleaded with the council for a larger office area—up to 100,000 sq ft; be claimed a single tenant willing to take the lot, and promised better building on a more econ mical footage—"steel and gla that's whet it needed." But t Council refused. Levinson thir that reflects on councillo sophistication. The counc officials say blandly: "Develope are always claiming the sing tenant. It's a standard ruse get a bigger building."

Assembling the site and getti planning permission took a me 18 months. And the rent lev when the building is complete probably in 1973—should ba minimum £1.25 probably £1. At levels like that, simple de sions like putting in air con tioning can lift rents 20%.

It is one of the developmen made possible for London a Overseas, now five years old a expanding fast, by the £1 milli debenture from the 117 banki group, a dateless debenture whi works like cash in the bank.

The key to Newcastle as development centre is control offices built there. Birmingham now over-developed; even centr like Bradford perform und average. But with 500,000 sq of offices built in Newcastle the past decade, 500,000 plann now, and a 500,000 limit in t next decade, the city is hard likely to be swamped—Birmin ham has 4.25 million sq ft comi on to the market in the ne three years. City centre sites a attracting tenants like insuran companies needing a NE bas And controls mean the site should build in value. Whi makes Newcastle one workab solution to property-hunger.

General Appointments • Sales and Marketing Appointments • General Appointments • Sales and Marketing Appointments

Prufrock

LUKAUT!!

SAREHOLDA I MUS LUKAUT gut—it deserves to be carved in stone as the most trenchant financial motto of the year. In case your command of Pidgin English is not yet perfect simply try reading it aloud, and "shareholder be must look out good" is what it very nearly sounds like.

The words of warning I found prominently displayed in a very enchanting booklet which Bougainville Copper has circulated among the tribesmen of New Guinea to encourage their first dip into investment analysis.

In dropping a $400 million copper mine in the middle of a pleasant but not very thickly inhabited South Sea island the company has inflicted a fairly severe culture-shock on the local inhabitants. But, not content with physically disrupting the scenery and scattering jobs and dollars about the company has decided—or been pushed by a trendy participation-minded government—to promote the heady benefits of the fully-operational capitalist system.

Having to spread the gospel in Pidgin doesn't make it any easier but it is the only common tongue in a country where isolated villages and tribes have developed no fewer than 700 separate languages or "ples-toks" (place-talks—easy, isn't it?).

To start with is the myth that companies are for white men only ("bilong ol waitman tasol"). This is firmly denied—"Nogat. Dispela i no tru."

The business cycle cannot be ignored, and we are warned that many companies expect an occasional year when business is not so good. "Planti sampela kampani i save gat wanpela yia bisnis no gutpela."

Even the worst may then happen—"I no ken givim aul dividen."

Yet when business is good some of the profit must first go to paying taxes to the Government, "Sampela moni long profit i mus go long peim takis bilong guvman." Not that paying taxes is something Bougainville Copper expects to do much of during its first few years of operation.

Finally, even in the romantic South Seas, it seems, the price of the shares "i ken go antap na go daon."

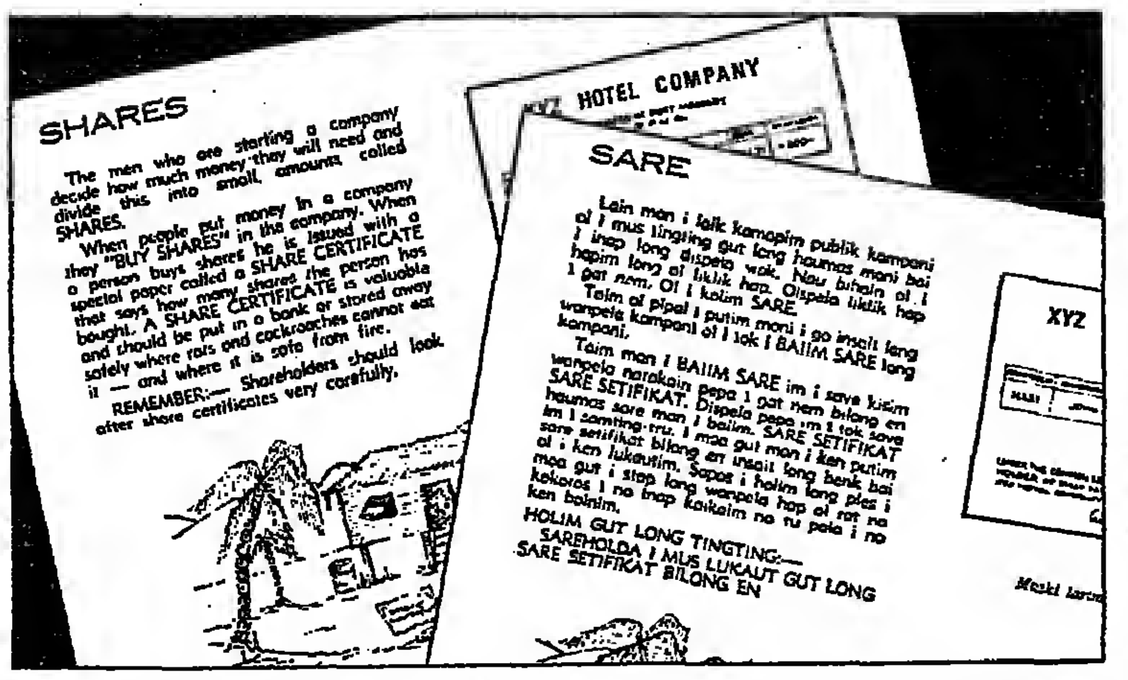
The structure of a language in which, say, every preposition can be translated as "long" has a simplicity which my daughter, now wrestling with second-year Latin, can only envy. But it is being formally taught, out of textbooks, to all the mine managers, so that they will be able to cope face to face with vital executive fact-finding problems like "Dispela man em i wok gut?" (Does this man work well?) Or more alarmingly, "Dispela man em i slip long dispela wok?" (Has he been sleeping on the job?).

Tensions flare up into open violence no later than Lesson Two, with "Husat i paitim yu?" (Who has been fighting you?) And was it "long akis na long naip?" (With an axe or a knife?) Sounds like trouble from the man whose share price has gone "daun" instead of "antap" to me.

Keith Richardson

AND NOW, for the man who has everything and breaks it, the South African Protea Insurance company has introduced the Connoisseur Policy for "the discerning householder." Costing a minimum of around £115 it "will appeal to you as a critical judge of matters of taste because it is tailored to protect all your prized possessions." Apart from covering the usual things plus inflation and South African specialities like deterioration of frozen foods, the Connoisseur Policy includes "a new revolutionary UNFORESEEN RISKS EXTENSION. And in case your mind wanders as to what this might mean the company offers a few examples: including: Damage to Persian Carpets by domestic animals: Damage caused by overflowing fish tanks; Clothing damaged by cigarette burns, protruding nails, etc.; Damage to household articles caused by domestic servants.

Is there no end to the torments of the rich?



Investment advice to the tribesmen of the Solomon Islands. The City Column comes Pidgin style

Psst! Wanna buy a person?

DICK SUMMERFELDT trades in people—$13 millionworth each year. "We like to call this the people business," he says cheerily. "We export them and we import them. We send bulldozer drivers to Nigeria and engineers to Germany and mining people to South Africa. They're mostly British—British and Canadian. And Australian, of course—they're the real gipsies of the world, they'll go anywhere. We've started renting doctors and nurses.

"We'd even place journalists," be told Michael Pye. "And we sometimes rent out the people we employ to find the people to rent out. It's one hell of a business."

The base is Canada, the name is MTS International Services, one of the world's largest people firms, expecting to deal in $100 millionworth by 1975. It finds staff, pays them and rents them out to firms like General Motors and Ford. MTS came to Britain with money, a suitcase and a man called Paul Schleck, now vice-president of MTS. The money went into a bank, the bank suggested a headquarters and MTS was in business here. At that time, BAC wanted skilled workers; Schleck jumped fast, chatted up the personnel people at BAC and got the job of providing workers. The catch was, MTS didn't have a single worker on file. A week of newspaper ads and scrambling for contacts finally produced what BAC wanted.

Summerfeldt is a hulky man, Canadian and big, a dedicated powerboat racer in whatever spare time he gets from master minding MTS.

The dedication is formidable—racing cost him a leg a few years back, but he still flies down to the US to take out the boats. "There's no problem—the crew go on ahead, and I fly in at the last minute." He's racing soon at Lake Tabo, where the exiled London Bridge now stands. And it is almost the only relaxation in a business which means, he says, the 72-hour week. That business stretches from shifting temp secretaries across a town, to helping staff secret Government projects in Canada and the US to finding presidents for US companies—10 companies are waiting for him to come up with their chief executive at the moment. The greatest nomads are the people in the construction business—and the men who design motor cars. "I really don't think that's the reason cars all look alike—although the preliminary design people do go from project to project," Summerfeldt says. "The catch is, the firms give all the nasty work to the contract people—they don't want their own staff making the mistakes."

Companies get a little haughty if Summerfeldt manages to poach their key personnel; he operates a mutual back-scratching system, promising not to steal from firms who use his services. And the security problem with skilled people wafting from secret project to secret project can be formidable. "You get men coming in who have been working on top-secret projects for 15 years, and you ask them what they've done and they just can't tell you. Every question, it's the same, 'I'm sorry, but I can't tell you.' Eventually, we just send them along to the companies who want them. They usually get the job. . . ."

OVERHEARD on a British Rail Pullman from Hull to London:

Diner: "Waiter, what is the beef like this evening?"

Waiter: "Very good indeed sir. We had it for lunch."

Red threat to washday blues

YOU CAN'T miss Backbarrow in the Lake District. As the seasons paint everywhere else in Lakeland with the greens of spring and summer and the golds of autumn, the village of Backbarrow remains gloriously and steadfastly blue all year round . . . trees, grass, road, houses, everything is blue, Dayglo blue at that.

There's even a blue-flecked stream driving the water wheel of an old mill, a mill which is the source of all that's blue in Backbarrow. It makes ultramarine, and is the only firm in the country still turning out the original Monday washday blues—those little, cloth-covered - blocks of blue which went into every washtub 50 years ago. Robin Blue and Dolly Blue are brand names which should ring sentimental bells with all grandmothers.

Until the coming of the Persil Age, no self-respecting wash saw the clothes-line without them. But new soap powders, detergents, biological washing powders, washing machines and the launderette round the corner resulted in less and less blue being dipped in the washday water.

But, despite the revolution in the nation's washday habits, blue still comes out of the Backbarrow kilns, 2,000 tons of it each year. Over 90% of it is exported, and you could fairly say that West Africa's washday starts right in Backbarrow, halfway between Newby Bridge and Ulverston. For in Nigeria, Ghana, Gambia and Sierra Leone, the ladies of the land absolutely depend on it for a whiter than white finish. Incidentally, West Africa prefers blue powder to the block.

The firm which makes the stuff, Reckitt's Colours, part of the Reckitt and Colman group, still finds there are enough of the older generation in Britain using blue to keep annual home sales running at more than £100,000. One of the last remaining pockets of blues users is in South Wales, and you can still buy the little blocks for 3p. You can also get it in liquid form, to add to the rinse stage in automatic washers. But not before, because blue and detergents are incompatible.

Reckitts themselves are pretty sentimental about blue since it started them off in business. The firm began in Hull, in 1850, as importers of ultramarine—and look where they are now: the Reckitt and Colman group has a turnover of over £173 million and profits of over £19 million.

The man the firm should really thank is a Monsieur Guimet of Toulouse. Up to 1838, the only stable blue was lapis lazuli, a rare mineral found in quantity only in Afghanistan, and very precious it was. Eventually a prize was offered in France (thought to be 20,000 very old francs) to anyone who could invent an efficient substitute. M. Guimet came up with ultramarine.

The formula he invented is still used in Backbarrow today. You mix china clay, sulphur and soda ash in equal quantities, add a dash of silica and pitch, shove the putty coloured mud into a kiln and turn the heat on.

Just before and after the First World War, thousands of tons of blue were sold in Britain each year. There were four thriving companies then: Reckitt's, Lancashire Ultramarine also at Backbarrow; Rawlings and Son in Rainhill, Lancashire; and the British Ultramarine Manufacturing Company in London, known affectionately in the trade as Bumco.

Rawlings and Son turned out to be German owned and was given to Reckitts as war reparation since the Kaiser had mauled one of Reckitts factories on the Continent. Lancashire Ultramarine sold out to Reckitts in the 1920s, and Bumco burned down and never started up again.

Actually the blue business is highly competitive. Other countries, including Iron Curtain nations, are doing their best to horn in on the market. The Reds offer their blues at a very keen price, but true blue Britons assert that it is absurdly low in quality.

The citizens of Backbarrow, by the way, don't complain much about the unceasing blue panorama of their surroundings. Reckitts employ 150 locals for a start, and in any case they have never known any different.

Philip Clarke

INDEX TO COMPANY MEETINGS & REPORTS

STRESS How switched on managers avoid ulcers

GET AHEAD

THOMAS HICKMAN

ARE YOU FRUSTRATED? Does your stomach hurt without apparent reason? Do you snap at your wife and children? Is your boss less than understanding? Do you get a sinking feeling when he wants to see you immediately? Are those *your* problems?

If so, welcome to the great fraternity of ambitious men under pressure. You are not alone, for this is the era of FACT—frustration, anxiety, conflict and tension. It is a time when growing importance is attached to results, to measured performance on the job, to the attainment of predetermined objectives. And when those targets are set, each is always more difficult to hit than the one before: this year's new product development must be better than last year's; productivity must increase; sales volume must be greater; profits must be higher; quality control must improve and the reject rate must fall. Always onwards and upwards.

The computer, for example, makes it possible to obtain an instant reading on performance. Every advance, every decline, is right there in black and white and the manager can learn at once whether he is winning or losing—or worry about whether he is.

In a society battered and bounded by the pressures of modern living, work-related stress is a growing problem. The Office of Health Economics estimates that among the over-45s one working day in 10 is lost through certified sickness. The medical director of a leading car manufacturer told an Industrial Society conference that psychological, rather than physical, problems caused more than half of absenteeism. And when the International Committee on Occupational Mental Health (of the World Federation for Mental Health) met in Britain this year, there was a consensus that major causes of stress in industry included mergers, take-overs, rationalisation, advancing technology and the threat of redundancy. Simply put, change or the threat of change which upsets an employee's aims or work patterns puts his mental health at risk.

But men at the top are not in jeopardy, Dr Alan C. Gibson, a consultant psychiatrist, told this year's Royal Society of Health conference. It was unusual for senior executives to seek psychiatric help. The kind of businessmen treated by psychiatrists were junior executives afraid of losing their identity in a big organisation and middle managers who feared that promotion had for ever passed them by.

Two things are repeatedly cited as causing executive stress: a man's inability to come to terms with the knowledge that he has reached his ceiling; aspirations in excess of talent. Thus, self-improvement must keep pace with ambitions if dangerous frustrations are to be averted.

As Dr Victor Howard puts it: "When we are already good—that is, competitive, growing and profitable—getting better becomes more and more difficult. And so the pressure mounts." Howard is managing director in London of Rohrer, Hibler and Replogle International, a leading firm of behavioural consultants.

FRUSTRATION, he says, frequently creates the primitive reaction of aggression, but civilised people have been inhibited from childhood from acting aggressively and often that aggression is turned inwards. "Our moods, depressions, occasional black feelings of inferiority and self-doubt are the result. Handling frustration is largely a matter of identifying and anticipating obstacles. Anticipated obstacles have far less power to frustrate us than those which take us unaware."

ANXIETY, says Howard, gets its steam from what is often called fear in the absence of danger. It might be fear of inadequacy, fear of failure, fear of authority, of decision, of losing status, of what others think.

CONFLICT was a prevalent reaction to job pressure. Common causes were the incompatible demands of two bosses; the need for individuality against the demands for organisational conformity; the risk of challenge against the need for security; the desire for more salary and status against the need to reduce pressures and responsibilities; personal standards and values against those of the company; the demands of home and family against those of business.

TENSION, Dr Howard is convinced, is a manager's constant companion: "And stress reactions include increased seepage of acid in our stomachs, giving us indigestion, if not ulcers. Muscles around blood vessels in stomach and intestines contract, sending blood pressure up and possibly causing psychosomatic skin conditions. Adrenalin dribbling into the circulation increases blood sugar level, giving more energy but taxing ability to relax and recuperate."

What can you do about those mounting job pressures? Here are eight tips Dr Howard gave me to pass on:

● Know your strengths and limitations and accept yourself as you are.

● Get problems out in the open. Hiding a problem or hiding from it breeds greater anxieties.

● Don't lean on others for praise. Self-worth and self-respect need no excuse or justification from outside.

● Stay active. Keep variety in your life and work. Physical activity is almost a necessity in draining off nervous tension.

● Focus on today. The dilemma of life is that we can live only one day at a time, but we can pile up years of worries.

● Do it now. Commit yourself to some actions or some decisions and tensions will be at least partially dissipated.

● Don't be too defensive. Defending yourself against criticism can be expensive indulgence.

● Keep a list of priorities. When things seem confused, find somewhere quiet and sort out which are the important things. Establish your priorities, and commit yourself to action on those.

Dr Howard urges that you try to put feelings in proper perspective, so friends will tell you: "You're not tense, Baby; you're just turned on."

General Appointments ● Sales and Marketing Appointments ● General Appointments

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Marketing and Marketing Research

The Pharmaceutical Division of Fisons Limited offers challenging prospects for men with the ability to play a major part in the future of an international organisation which continues to grow rapidly. The increasing demand at home and overseas for our ethical and proprietary pharmaceutical products has led to the following appointments:

International Marketing Co-Ordinator

Ethical Pharmaceuticals

The successful applicant for this senior appointment will direct and control ethical pharmaceutical marketing activities in the Scandinavian territory, prime importance being attached to the improvement of profitability. This will involve controlling a small team in the U.K. office and five Product Managers in Scandinavia. Prime responsibilities include the preparation and implementation of marketing plans and budgets, market evaluation, improvement of distribution facilities within the territory, and co-ordinating the activities of overseas subsidiaries, *distributors and associates. Although* Loughborough based, he will be expected to travel to his territory as and when required. Aged between 30 and 40, applicants must have previous experience in the international marketing of pharmaceuticals in sophisticated markets. The ability to negotiate with overseas distributors at top level and a successful record of man management are essential. Fluency in a major European language would be an advantage. Job Ref. 479R.

Brand Manager

Consumer Products (UK)

To be responsible for maximising profitability of a comprehensive range of new and established proprietary medicines, many of which are brand leaders. Aged between 25 and 35, applicants should have gained sound experience in all *aspects* of Brand Management in fast-moving consumer products — preferably proprietary medicines. Additional advantages would be a degree, experience of new product launches and market research. Job Ref. 442R.

Marketing Research Executive

Ethical Pharmaceuticals

To be responsible for the *supervision* of a variety of major research projects following them through from inception to the final presentation to *management.*

It is anticipated that this will involve overseas travel amounting to at least one month per year.

Applicants should be graduates aged 25 or over who have gained at least two years practical marketing research *experience with either an agency or a manufacturing company* — preferably though not essential in the pharmaceutical field. Personality, initiative *and originality are essential*, and knowledge of one or more European languages would be an asset.
Job Ref. 431A.

Salaries for all vacancies will fully *reflect* the responsibilities involved. As a Member of the Fisons Group we offer a first-class pension scheme, assistance with removal expenses and *other benefits which come from being* part of a large internationally renowned British Group.

Applications, quoting the appropriate Job Reference, should be addressed to K. H. Jones, Personnel Officer, Fisons Limited, *Pharmaceutical* Division, 12 Derby Road, Loughborough, Leicestershire.

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Chief Executive — £8000 at least
Paper and Pulp Exports

A British-based European group with an enviable record of growth and achievement (*£60m. turnover*) in the *world paper industry* seeks a *Chief Executive for its export operations*. This embraces buying paper of every description in some ten world markets and exporting it to almost all the world. The man appointed will take full charge of a sophisticated organisation, personally sell and negotiate at highest level, and serve as a member of the executive committee. Extensive travel is entailed. Candidates, between 40 and 50, must know the paper and export trade intimately particularly outside the UK, and at present hold an appointment at or near the top. Fluent German and English essential, Spanish desirable. Starting salary negotiable, with *minimum of £8,000; car; other appropriate benefits and re-location assistance to UK for* non-British candidates. Please write stating how each requirement is met to S. W. J. Simpson reference SA.38049.

Management Accountant — Arabian Gulf

This is a new post in the European staff complement of Yusuf bin Ahmed Kanoo, trading in *the Arabian Gulf, with an associated company in Saudi Arabia, whose joint activities cover* travel, freighter, tanker, insurance agency work, as well as being manufacturers' agents. The company and its associate company employ around 1,000 personnel, administered by an executive staff of thirty Europeans. Annual turnover is around BD20m. The man appointed will be accountable to the *Group Chief Accountant* and his *responsibilities will include* the conduct of audit procedures throughout the group of companies and he will build up an internal audit department for this purpose. He will also be required to carry out special investigations and assist in the implementation of new procedures. Candidates must be professionally qualified accountants with experience of audit work, preferably under 30 years of age. The basic salary is BD3,000 x 100 to BD3,800 per annum and in addition there are generous family, education and car allowances with free furnished accommodation. Free medical treatment and generous Provident Fund. *The sterling worth inclusive of all allowances and accommodation could* exceed £6,000 p.a. There is at present no income tax or purchase tax payable in the area. Please write stating how each requirement is met to P. H. L. Thomas reference SA.11123.

Financial Controller — about £4250

for the British company, established last year, of an international group which designs, owns and leases equipment to a wide range of industrial customers for the movement of freight. Plans for the development and expansion of the business over the next five years envisage an investment in the eight-figure range. In this new appointment the Financial Controller will be responsible to the *Managing Director* for the operation of modern management accounting and control techniques, including discounted cash flow, cost studies and cash management. Aged between 30 and 45, candidates will preferably be chartered accountants and must have senior experience of similar responsibilities in industry or commerce and familiarity with equipment hiring. Please write stating how each requirement is met to P. Hook reference SA.26107.

Sales Manager—Direct Selling
Beauty Products

The UK *subsidiary* of a *£multi-million* international consumer and pharmaceutical organisation has recently established this new section of its beauty fashion business as a result of market tests and surveys. Marketing toiletries, hair fashion products, and cosmetics through parties and direct selling, the company is currently consolidating its initial sales launch in southern England before developing a national sales organisation. Based in the Home Counties, with accountability for field sales control, the sales manager will report to the marketing manager and will lead the development from a regional to a national activity. Aged probably over 30, he will *already have some 3 years' experience of controlling a regional or national direct selling team*, preferably within the beauty fashion field. Salary will be negotiable around £4,000. Car; bonus scheme; pension; re-location help. Please write or telephone for further information.
G. E. Howard reference SA.2804.

Financial Controller — above £3500
Director Designate — West Midlands

A chartered accountant, aged around 30, who has had 3 or more years' accounting management experience in the *fast-moving consumer goods field is sought for this new appointment.* The company, recently rehoused in new premises in a pleasant part of the West Midlands, has a growing share of an increasingly important sector of the retail fashion trade. Annual sales are approaching seven figures. Responsibility will be to the Chief Executive for all accounting and secretarial functions and for contributing to general management decisions as a member of the small directorate. An early task will be to develop more sophisticated financial and control accounting systems to support the growth and diversification of the business. Appointment to the board can be earned *within 6 months. Conditions include profit linked bonus; car;* non-contributory pension; and re-location help. Please write briefly stating how each requirement is met to W. A. Griffiths reference SA.23203.

Marketing Executive — Food Industry
National Accounts — London

to join the UK management team of a major Irish marketing company whose branded products are internationally known and whose sales in the UK already exceed several £m. This *appointment carries full responsibility for the promotion* of the company's products through national accounts outlets, which represent some 40% of total sales in the UK. Prime tasks include the negotiation, programming and monitoring of promotional campaigns at both national and regional level, liaison with distributing agents and co-ordinating his efforts with those of the organisation's area sales and merchandising force. Candidates must have a record of successful sales promotion and merchandising through multiple accounts in a company marketing fast-moving consumer goods. A knowledge of the main national retailers in the *grocery field would be particularly relevant. Preferred* age 30 to 40. Starting salary negotiable in the region of £3,000 with contributory pension scheme, company car and expenses. Please write stating how each requirement is met to H. T. Niall reference SA.80387.

Joint Managing Director — £7000
Finance and Administration
London

Our clients, a British group with extensive overseas interests and turnover approaching eight figures, have been pre-eminent for over a century in the business of communication and learning. The appointment follows organisational change and marks a phase of further planned expansion. He will have a two-fold responsibility: to the group Chief Executive for financial control and planning including information systems and future refinancing and, as Joint Managing Director, to the Board of the UK services company for activities ranging from *property negotiation to computer-*based product distribution. *Candidates, preferably in their* mid-thirties, should be chartered accountants. They may have spent a period in merchant banking or consultancy or have had business school or similar advanced training. By now they will have reached senior management level in commerce or industry with a voice in policy as well as top functional responsibilities. *Salary is* negotiable and benefits fully commensurate. Please write stating how each requirement is met to D. A. Ravenscroft reference SA.25134.

Management Accountant
about £6000
Zambian Copperbelt

for Roan Consolidated Mines Ltd. to complete a team of experienced accountants now overhauling the total reporting structure of this major international copper producer. There are five mines with a combined potential of 300,000 tonnes finished copper p.a. A capital investment programme announced last month will commit some £44m. to improving the productive capacity substantially over the next few years. The management accountant will have a staff of 64, one third of *them* expatriate, and an operating budget of £0.25m. His key tasks will be to ensure the efficient operation of existing systems, to assist in devising improved reporting systems and handle the transition to them. A four-year renewable contract is offered and there are first-class benefits including ranch style house, education allowances, family medical cover, 49 days' paid leave per year and a lump sum gratuity on termination. Candidates, aged 35 to 45, must have cost and works qualifications and at least seven years' experience of management accounting in a relevant organisation including innovative work using a third generation computer. Please write or telephone for further information. J. C. Day reference SA.2796.

Chief Executive — £5000 plus
Business Association
London

The Association represents famous London commercial interests whose total turnover exceeds £63m. A full-time chief executive officer is required to manage the Association's affairs, within the policy framework laid down, in times of changing circumstances. This is a new appointment. The man appointed will deal at top-level with Government departments, the GLC, trades unions, public authorities and other trade associations, and also supervise the Association's *internal administration and services to members. Candidates, between 35 and 50 years, will* have a record of successful achievement in general management in industry or commerce; within the trade union movement; in public life, service or administration; or similar fields. They will have experience of negotiating with public authorities, of bargaining with trade unions and be capable of making a case for the Association whether publicly or to a Minister in private. Please write stating how each requirement is met to Dr. E. A. Davies reference SA.40018.

Marketing & Sales Manager — about £4000
Industrial Components — N. Midlands

for a manufacturing subsidiary of a £multi-million international group. It manufactures sealing products and associated components for petrochemical and industrial applications; and, in a growth situation, it plans to double its seven-figure turnover in the next five years. He will be responsible to the General *Manager* for planned marketing of the products in the UK, Europe and other territories, leading and controlling a 15-strong team in home and export selling and technical development. The group's size and enlightened management policies should ensure career progression. Candidates must have experience of industrial (home and export) sales and marketing management. Ideally they will be mechanical or chemical engineers in their late thirties, who have gained their experience in a manufacturing company marketing components to the oil or petrochemical industries. Company car, pension, re-location assistance. Please write stating *how each requirement is met to P. Saunders reference SA.37181.*

Assistant Director
Research Association — London

Established in 1920 the British Launderers' Research Association has some 900 member organisations throughout the UK. In addition to providing a comprehensive technical service the Association is playing a major role in accelerating the acceptance of mechanisation in this traditionally labour-intensive industry. Reporting to the *Director* of Research, responsibility will be for the day-to-day administration of the Association through an established team. The Assistant Director will have a particular role in ensuring the effective use of resources; he will also be expected to involve *himself* in the development and promotion of the Association's work. Candidates, aged 35 to 45, should ideally be graduates in chemical engineering or engineering although *qualifications* in chemistry, physics or textiles would be considered. They must have had *experience of co-ordinating and leading applied* R & D *for industrial application.* Experience of modern management methods is desirable. Salary negotiable around £4,000; pension. Please write stating how each requirement is met to R. Tomkins reference SA.24129.

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£3,000-£5,000

Two of our clients, two of the most successful companies in the world, are seeking Salesmen (aged 23/35) in the London/Home Counties/Midlands areas.

In both cases first class Product and Sales Training is provided and initially earnings are guaranteed at the rate of £1,800/£3,300 according to previous experience and earnings.

After the initial period basic salary and commission should place your earnings in excess of the guaranteed rate, and could be in the £5,000 + range.

Not less than 2 years' selling experience is desirable, gained in a hard-sell commercial environment.

For early interview ring or write with brief details of your personal *history*:

SALES SEARCH, 53 Victoria St., S.W.1. Tel. 01-222 2022

TRAVEL INDUSTRY! SALES!

You will be taking on the Travel Industry working from the headquarters of a group of first-class hotels.

You are applying because you are well educated and personable, *you have a past record of sales success* (not necessarily in the travel trade), you look forward to working hard with an enthusiastic and go-ahead marketing division.

A straight salary of at least £2,100 will appeal (especially with our fringe benefits) and you could well be under 30.

Telephone Bob Corbett, Travel Industry Sales Manager, between 5-6 p.m. in the next few days (01-387 1699) or next Saturday afternoon (27th November) between 2-5 p.m. at Orpington 23518 to explain why we should get to know you better. Reverse charge calls accepted.

BRITISH TRANSPORT HOTELS LTD.
St. Pancras Chambers, London, N.W.1.

GROUP FINANCIAL ACCOUNTANT

Pegler-Hattersley Limited, a substantial industrial group with international interests, have a vacancy for a Group Financial Accountant at Head Office, Doncaster. Initially responsibilities will include preparation of group consolidated *accounts, reports to senior* management, and group cash management.

The requirement is for a qualified accountant with experience of financial accounting in large organisations gained directly or with a professional firm. Experience of consolidations, taxation and cash management would be an advantage.

Starting salary would be by negotiation and dependent upon experience. Please write giving personal history to the Group Financial *Director*, Pegler-Hattersley Limited, St. Catherines Avenue, Doncaster.

ENERGY CONVERSION LIMITED

The Company manufacture Metal Air Batteries and wish to appoint a

SALES EXECUTIVE

conversant with battery powered equipment.
Age: 35-45.
Please apply in confidence to:
Director & General Manager,
Energy Conversion Limited,
Priestley Road,
Basingstoke, Hants.

CJ RECRUITMENT ADVERTISING LIMITED

35 NEW BROAD STREET, LONDON. E.C.2. Tel. 01-588 3588

CJRA

ROWE AND PITMAN

require a

FIXED INTEREST SPECIALIST

This vacancy is open to candidates aged 27-35 with a minimum of two years' experience in the fixed interest field mosr likely gained within either an Insurance Company, Merchant Bank or Stockbrokers. The successful candidate will join a small fixed interest team, well backed by statistical services, and be expected to help build up the firm's existing business in fixed interesr securities. Accordingly, he will require the capacity for original thought and mathematical competence with which to generate creative ideas and the ability to communicate effectively with institutional Clients. Scope exists for considerably increased responsibility. An attractive initial salary is negotiable. Contributory pension scheme, assistane with removal expenses if necessary.

PLEASE ADDRESS REPLIES IN STRICT CONFIDENCE TO D. A. INNES, ESQ., ROWE AND PITMAN, WOOLGATE HOUSE, COLEMAN STREET, LONDON, E.C.2. TEL. 01-606 1066 or TO THE MANAGING DIRECTOR, CAMPBELL-JOHNSTON (RECRUITMENT ADVERTISING) LTD., 35 NEW BROAD STREET, LONDON, E.C.2. TEL. 01-588 3588.

COMMERCIAL LAWYER

LONDON c. £5,000

A Leading International Construction Company wants a man to be responsible for advising on company and contractual matters.

He will work closely with the Marketing Department in drafting contracts for large scale construction projects and advising on the legal and commercial aspects of financial negotiations.

He will act as an internal consultant for wider legal matters including employment conditions.

Ideally he will be aged about 40, a Barrister or Solicitor who has had experience of contractual matters and financial negotiations with either a leading oil, chemical operating company, a major contractor or industrial property developer.

REWARD : High negotiable salary with good fringe benefits.

Apply in confidence. Ref. ST109/243.

Hales & Hindmarsh
Associates Ltd.,
Century House, 30/31 Jewry Street,
Winchester, Hants.
Telephone Winchester 66699

EXECUTIVES

Seeking Positions with Companies in Europe, U.K., U.S. and Worldwide

Over 400 positions with leading corporations, operating in Europe, the U.K., the U.S. and worldwide currently listed with us.

This is your opportunity to profit from our close personal contacts with management in industry and commerce, carefully developed over 25 years of professional operation. We do *not guarantee a new position*, but we do have the experience, resources and facilities to give you the most effective assistance in securing a new and more rewarding career.

We are especially effective for the executive seeking a senior position with the international affiliate of a U.S. corporation, here or abroad. To explore what NES can do for you, please write enclosing c.v., stating home and business phone numbers. We will arrange a confidential interview.

Our 25th Year
NATIONAL EXECUTIVE SEARCH
An Affiliate of NESINC
27 offices worldwide . . . *reasonable fee schedule.*
BANK HOUSE No. 1
Belvedere Grove, Wimbledon, S.W.19
ENGLAND

AT ANY AGE

From the time you are advised by the V.G.A. you know your full potentialities for any kind of appointment. You also know the kind of work you must at all costs avoid.

From that time on you go forward with confidence, assured that you are working towards the right goal. The work you do is the most important factor of your life and remember—you need vocational guidance only once in a lifetime.

Write for full information to
The Secretary,
VOCATIONAL GUIDANCE ASSOCIATION
Upper Harley St, London NW1
Tel.: 01-935 2600/8017

PUBLISHING

We need a graduate with business school training, not more than 25 years old or thereabouts. He will prepare a series of reports that will lead us to constructive management planning of our next computer hardware, planned for 1975. He must have the facility of exploring the creative use of computers in a manner that is persuasive to us.

This job is a marvellous way for someone who is intrigued by publishing, to have an overall look at it at an early stage of his career, and we will pay good money for the right person

(In fact we found just such a man a few months ago; who joined us for these reasons and also because he saw that his talents were going to be matched by the opportunities in Macmillan. It all happened [illegible] quicker than we both supposed and he can't do both his new job and this one at the same time.)

Applications, with details, to the Managing Director, Macmillan London Ltd., 4 Little Essex Street, London, W.C.2. (Marked for Mr. Ayam Shaw.)

Box No. replies should be addressed to THE SUNDAY TIMES, Thomson House, 200 Gray's Inn Road, London, WC1, unless otherwise stated. No original testimonials, references or money should be enclosed.

Production Director

for the board of a British company pre-eminent in the metallurgical extraction and refining of non-ferrous metals and in the manufacture of specialised chemicals.

• THE role is to direct the present experienced management team in the control of all production operations in two factories employing about 1,500 people, including many graduates. The main tasks are to improve processes and productivity and to introduce new methods and products using the company's expertise to increase growth and profitability.

• THE requirement is for a metallurgist, chemist or chemical engineer with powers of leadership proven in general and works management in fields similar to that in which the company is engaged and with a well developed commercial comprehension.

• SALARY negotiable about £6,000.

Write in complete confidence to
Dr. W. M. Dixon as adviser to the company.

JOHN TYZACK & PARTNERS LIMITED
10 HALLAM STREET · LONDON W1N 6DJ

MERVYN HUGHES ASSOCIATES LIMITED

Management and Executive Recruitment Consultants

Trent House, 59 St Mary Axe, London, EC3A 8BA
Telephone: 01-283 0037

WHOLESALE CASH AND CARRY DEVELOPMENT

MHA

CHIEF EXECUTIVE (Managing Director Designate)
£4,500/£5,000 p.a. share of equity and car

A large and continuously expanding Group of Companies is forming a new subsidiary to promote a national chain of large Cash and Carry Wholesale Centres distributing a comprehensive range of goods. A Chief Executive, aged up to 40, is required who by reason of his business creative ability, entrepreneurial qualities, wide experience and proven record of success in the wholesale cash and carry field is fully competent to head the new company and to aggressively promote its success. He will have the support of a wealth of talent covering every aspect of development operations and finance and successful performance will lead to appointment as Managing Director. Salary and car—share of equity and other benefits by negotiation.

Applications in strict confidence under reference S3677 to Col. H. D. Muggeridge, O.B.E.

A HIGHLY RESPONSIBLE INDIVIDUAL ROLE—MIDLANDS

MHA

CREDIT CONTROLLER
Circa £3,500 p.a. plus car

This is a new key appointment which offers excellent prospects of advancement as Credit Controller of the newly formed rental subsidiary of a major Group (consumer durables) with a large widely distributed chain of retail outlets. An appropriate degree of specialised experience at senior level is essential allied to full competence to accept responsibility for all aspects of credit control including surveillance over new business, substantiation of credit worthiness, supervision of documentary procedure, credit records and debt collection. Normal fringe benefits and assistance with removal expenses.

Applications in strict confidence under reference S3678 to D. G. Muggeridge, M.B.E.

APPOINTMENTS FOR WOMEN appear on page 50

MERCHANDISE CONTROLLERS

A progressive and independent department store requires two Merchandise Controllers to maximise the profitability and saleability of the Fashion Floor and Ground Floor areas. Reporting to the Marketing Executive, they will be involved with developing and implementing store trading policy in the selected merchandise classifications and be responsible for measuring subsequent sales performance and collation and interpretation of control data.

The successful applicants will ideally be chain store trained, under 35 and have had at least three years' experience in a selling or merchandising position and be able to offer a sound knowledge of merchandising systems. Salary is negotiable and is coupled to a pension scheme, staff discount and the usual holidays. Written applications giving brief details of qualifications, experience, salary progression and expectation should be addressed to Personnel Controller:

MURRAYS (HIGH WYCOMBE) LTD.
White Hart Street, High Wycombe, BUCKS. High Wycombe 26262.

European Sales/Marketing Manager

Knowles Electronics Ltd., an International Electro Mechanical components manufacturer located in a pleasant part of rurel Sussex require a professional executive to head up their expanding European Sales operation. The company manufactures high quality miniature electro mechanical components and rapid expansion has taken place in both tha U.K. and European markets.

The successful candidata must demonstrate proven success in marketing sophisticated applications of high technology eudio and electronic products in export markets. He will possess tha ability to liaise at high level amongst both managerial and professional steff within the company and its international clients. Corporate objactives are high and strong quelities of leadership, drive and determination will be necessary to accompliah these targets.

Our man is likely to be aged 35-45 end possess a dagree in physics or electronics. A first class salary will underline the importance given by the company to this position.

Generous fringe benefits including contributory pension plen, free life assurance, B.U.P.A., company car and annual bonus are offered. If you feel that you measure up to these exacting specifications write or better still telephona me, reveising charges either at Burgess Hill 5432 during office hours or at Brighton 31308 after 7 p.m.

A. Hurst, Personnel Manager,
Knowles Electronics,
Victoria Wey, Burgess Hill, Sussex.

Knowles ELECTRONICS

Marketing Manager c.£4,000

A small London-based company—member of a £35m. turnover Group—requires a Marketing Manager, who will be responsible to the Managing Director for the entire Sales and Marketing function. The company manufactures sophisticated dispensing devices which are used by a wide variety of industries both in the Home and Export markets.

Growth prospects have been established and the success of the new appointment will be assessed on:

- profitable achievement of salas forecasts
- identification of new merkat and product opportunities
- expansion in exports particularly in the North American and EEC markets
- administration, training and motivation of the sales force

The successful candidate is unlikely to ba undar 35 and will have a proven record of success in personal creative selling and overall marketing planning. This is not a job for a "big company" man and success will depend on the candidate's own personal involvement as much as on his direction of others.

A car will be provided along with other fringe benefits.

Please write to us stating current salary and how you meet our Client's requirements, quoting reference MM/3185/ST on both envelope and letter. No information will be disclosed to our Client without permission.

Urwick, Orr & Partners Limited — Personnel Selection Division, 2 Caxton St. London SW1H 0QE

BHP Australia

Senior Metallurgist Quality Control

The Broken Hill Proprietary Company Limited is Australia's largest company whose interests include mining, shipbuilding, oil and gas production and steel making. It produces 7m. ingot tons p.a. which next year should increase to approximately 8.7m. tons. The Company is seeking the services of a Senior Metallurgist Quality Control.

Basic Function

To assist and advise Manager Quality Control on trends and causes thereof affecting product quality, yields and technical performance on a Corporate wide basis in order to provide Corporate management with adequate information for control of operations.

Qualifications

A good degree in metallurgy or equivalent qualifications and A.I.M.

Location

Melbourne, Victoria but must be prepared to be mobile to visit the Works in other states.

Salary envisaged about $7,500 per annum. (£3,500).

For the successful applicant a free passage for himself and family will be arranged and a relocation allowance will be paid together with a resettlement allowance. After a short qualifying period the appointee will be eligible to participate in a generous contributory pension scheme, enjoy free life insurance and generous medical benefits.

Applicants who feel they possess the required qualifications are invited to write for an application form, quoting reference ST107, to

Mr. A. S. Cornell,
The Broken Hill Proprietary Co. Ltd.,
Hanover House, 14, Hanover Square, London, W1R 0ND.

Branch Manager £10,000+

INTERNATIONAL BANK-LONDON

A leading American Bank seeks a Branch Manager to take charge of its UK operations following the expansion of the recently formed European Headquarters.

Reporting to the Vice-President, Europe, the appointment will also be of Vice-Presidential rank. The likely candidate will have had substantial experience of the Sterling Market in commercial and possibly merchant banking in London. While academic qualifications would be an advantage, the prime requirements are proved ability in business getting, administration and technical banking knowledge. Familiarity with International banking would be useful.

Age probably 35/45. Salary and other benefits will be negotiated on an attractive scale to suit a man of the right calibre.

All applications will be treated in strict confidence and no information will be disclosed to our Client without permission. For further information please write or telephone us, the Bank's advisers on this appointment, addressing your queries to R. M. Marshall (01-799 3504).

Urwick, Orr & Partners Limited — Personnel Selection Division, 2 Caxton St. London SW1H 0QE

EAL — GENERAL MANAGER HOTEL GROUP £6000

Major Northam brewery Company is expanding its already significent ownership of hotels and rastaurants. Hitherto organised on e regional basis they now seek a General Menager to co-ordinete the entire operation thoughout Scotland and the North of England. Salary negotiable around £6000. Company car, pension scheme and good fringe benafits.

Cendidates will heve hed e proven end successful career in the hotel and/or catering industries. They will ba leaders with good organisational ebilities, and ba highly profit conscious. This is a new and important appointmant end success will ba wall rewarded. Age ie not a mejor considaration. (SV.590)

Please write briefly and in confidence to the Meneging Director, Executive Appointments Limited, 78 Wigmore Street, London W.1, quoting eppropriate reference. No identities divulged without permission.

EAL — SALES MANAGER £5000

Major group manufacturing capitel equipment for tha engineering industry requires a Branch Manager to control its fiald sales operation in the South East of England. He will be rasponsible for the seles force and for the sales office. He will take a personel interast in key accounts.

Candidates will heve an engineering beckground preferably in the production function, and successful experience in sales menegement with capital equipment. Age probably 35-45. Salery ie negotieble around £5000 plus car end bonus. The position ie pensionable end progressive, and offers good carear prospects. (TH.681)

Plesse write briefly end in confidance to the Menaging Director, Executive Appointments Limited, 78 Wigmore Street, London W.1, quoting appropriata reference. No idantities divulged without permission.

DEVELOPMENT DIRECTOR

Lyon Group Limited is one of Britain's leading Companies specialising in the field of Industrial and Commercial Property Development in the United Kingdom and Overseas.

A Development Director will be appointed who will be completely responsible for the control of a section of the Company's development programme, which section could involve development worth from £10m to £50m.

The successful applicant will have had considerable experience in this field and will be a mature and personable businessman, capable of the firm yet tactful administration of a large professional staff associated with every stage of the development programme. Moreover, he will be capable of negotiating and generating new business at the highest level and progressing his development programme to a successful conclusion. A qualification in the field of surveying or building construction would be desirable but not essential.

The initial appointment will be as Senior Development Executive and, subject to satisfactory performance, promotion to the Board will follow shortly.

For this senior and responsible position a generous salary is offered commensurate with experience and ability—together with a Company car and usual fringe benefits, including non-contributory Pension Scheme and life assurance. The appointment will be based in London or Manchester and all applications, which will be treated in the strictest confidence, should be made to:

The Managing Director,
LYON GROUP LTD.,
Lyon Tower,
Colliers Wood, London, S.W.19.

Lyon

Industrial Engineer

London

A qualified Industrial Engineer is required for the London factory of a British-owned international group which is engaged in a major programme of reorganisation and re-equipment. He will join a recently established Industrial Engineering department, which by means of work study and other techniques will make improvements in lay-out, methods and the evaluation of new plant, whilst establishing the necessary data for production planning, costing, waste control and the measurement of plant and departmental efficiency. He will be experienced in work study. A formal qualification in Production Engineering would be desirable as would experience in the paper, print or paper converting industry.

Age up to 35. Salary negotiable around £2,500 according to age and experience.

Please write giving brief description of career details, age and present salary to Position Number ACI 2994, Austin Knight Limited, London, W1A 1DS. Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

AK ADVERTISING

Manufacturing Manager

Scotland £4000 plus

A major manufacturer, located in Scotland, with an international repotation is now seeking an outstanding professional to join its factory management team.

He will be responsible to the Production Director for the operational efficiency of the line management function within a medium/heavy engineering plant, controlling a work force of over 400 and motivating a support staff of over 30. This key appointment offers scope within a stimolating environment where a MBO programme has been operating for a number of years.

This calls for an engineering graduate with experience of metal fabrication who should have already worked for companies pursuing enlightened management policies. Those in their thirties are most likely to have gained sufficient experience to meet the challenge of this responsible senior management position. Attractive fringe benefits exist and assistance will be given with relocation expenses where appropriate.

Write with full personal and career details to David Gillman, Regional Manager, Austin Knight Limited, 176, St. Vincent Street, Glasgow, C.2. quoting reference A GM 530.

Applications are forwarded to the client concerned therefore companies in which you are not interested should be listed in a covering letter.

AK ADVERTISING

EXPERIENCED SALESMEN OF COMPUTER PERIPHERALS

Our clients, from a well-known international company, are expanding their range of data handling equipment. So they need more good salesmen.

If you're between 25 and 35 with either 2 years experience selling computer peripherals (or one year's experienca selling peripherals and 3 years' selling office machines), you could be their man.

If you are, our clients are prepared to pay you at least what you're earning now, for an egreed training period. After training, you'll be paid a combined basic salary and bonus, with a high proportion of earnings as a basic salary.

Apart from the good salary, you'll also get an interest free car loan and a generous car allowance to go with it. You'll also get free life insurance. Which'll be worth four times what you're earning.

If you're interested, we'll arrange a private interview after office hours in a convenient place.

Please write, giving brief details of your sales experience, and a telephone number where you can be reached.

We'll contact you before arranging a meeting with our clients.

Executive Management Service (London and North Midlands Divisions), 25 St. George Street, London, W1R 0NT.

RESEARCH DIRECTOR

Potential Managing Director

We are looking for a Research Director, who has the ability to become Managing Director within five to six years.

Our clients are international leaders in the manufacture of highly sophisticated electronic equipment—a fact acknowledged by a Queen's Award to Industry for technical innovation.

The Research Director will be responsible for all aspects of electronics, mechanical, system and software design, with a working budget of £½ million per annum. Candidates, aged 30-40, should have a knowledge of integrated circuits, small computers and software, and be of the highest technical, creative and intellectual calibre. Salary £7,000-£8,000.

If you feel you can match the exacting standards required phone or write for an Application Form: Geoffrey King, Cambridge Recruitment Consultants Limited, 8a Rose Crescent, Cambridge. Telephone 0223 64536.

SERVICES CONSULTANTS

require

CHIEF RESIDENT ENGINEER

for the BARBICAN ARTS CENTRE

The task of the Chief Resident Engineer will be to control a small team of Resident Engineers, supervising the installation and commissioning of all services within the new multi-million pound Arts Centre to be constructed in the City of London.

Applicants should be well experienced in a wide range of services in buildings including air-conditioning. He should have preferably held a similar senior position.

Write in confidence stating age, experience and salary required to:—

REF. CR,
G. H. BUCKLE & PARTNERS,
2 HARRINGTON GARDENS, LONDON, S.W.7.

INTERNATIONAL COMMODITY DEALERS

have opportunities for bright, energetic young men to join their Marketing Department dealing in agricultural products on a world-wide scale.

Experience not essential for the right man with ambition.

Please write to Box BA416.

EXPORT ENTREPRENEUR

World-wide international trading group would like to meet successful young exporter with professional approach and wide contacts with a view to joining them in developing large scale overseas business.

Apply in writing to M. E. Holmes, Duncan Fox & Co. Ltd., 48 Fenchurch Street, London, EC3M 3NP.

Economists...

opportunities to make full use of your professional expertise and intellectual ability.

As a member of the Government Economic Service (now comprising over 200 economists), you will operate at a high professional level, fully using your skills and training in practical situations where your work will influence the Government's economic and social policies. You will be concerned with the implicatione of existing and proposed policies in different areas of national activity; with making analyses and forecasts; and with carrying out research necessary for policy formulation. The work is intellectually stimulating end there is the added satisfaction of applying economic theory to practical problems.

Department of Trade and Industry

Hera an extremely wide range of work is undertaken. Immediate needs are in the areas of *Overseas Commercial Policy*—tha study of economic ospects of the UK'e commercial relations with overseas countries and international bodias such as OECD, UNCTAD and GATT; *Home Commercial Policy*—working on monopolies, mergers end restrictive practices and tha analysis of inward and outward investment; *Aviation and Shipping Quastions*—thia should intorest economists in the field of transport economics; *Nationalised Industries*—for those knowladgeable in accountancy, statisticel methodology and data processing to strengthen departmentel expertise in handling financial data.

Department of Health and Social Security

In thie relativaly new Economic Section, headed by J. L. Nicholson, there is an increasing demand for economic advico in new areas of growing interest. The team is being enlarged to undertake *new empirical studies* into *Standards of Living* of all types of family, calling for both analytical and general economic skills; assessments of the economic effects of *Health and Social Security Revenue and Expenditure* (over one-eighth of GNP) on prices, savings, aggregate demand, and the distribution of income; end a wide range of work on *Health Economics* including the measurement of final output and productivity, and tha programming of future requirements against availabla resources.

There are also vacancies in the Department of the Environment and Department of Employment.

Cendidates, aged at least 27, or exceptionally 26, should normally have a good honours degree in economics or a closely-related subject. Experience in en economic advisory capacity, or in research, or in teaching advanced economics is essential.

Starting salaries could be above the minimum of the scale £3425-£4575. There ere prospects of promotion to positions carrying salaries of £6475 and above. These London appointments can be either permanent and pensionable or for individually negotiated contrect periods on FSSU.

Fuller details of these appointments may be obreined by writing to the Civil Service Commission, Alencon Link, Basingstoke, Hants., or by telephoning BASINGSTOKE 29222 ext. 500 or LONDON 01-839 1696 (24-hour "Ansafone" service), quoting A/622(4)/SA. Closing date 10th December 1971.

Student Engineers

To study Mechanical, Electronic/Electrical or Aeronautical Engineering

Procurement Executive, Ministry of Defence offers courses to selected young men and women who have, or expect to have, university entrance requirements by 1st September 1972, who are under 20 years of age on that date and who have the ambition to become professional engineers.

The five year course incorporates a University Honours Degree course (either sandwich or full time) and has been carefully designed to give each student wide practical training as well as the opportunity for high academic attainment.

This offer is available to United Kingdom residents only.

Use this to get application forms, salary scales and other details:

I should like details of your Student Engineer Scheme ST

Name (Mr./Miss) ....

Address ....

Post to: T.E.3/S.E. Procurement Executive, Ministry of Defence, 19/29 Woburn Place, London WC1H 0LZ.

SENIOR PROJECT ENGINEER

LONDON c. £4,750

Our Client, a Design Procurement Construction Corporation, wants a Senior Project Engineer to be responsible for managing medium sized projects and sections of major projects in the petro-chemical, chemical and mechanical handling fields from the offices of their U.K. subsidiary.

Ideally he will be aged 35-40 with depth experience of project engineering, a mechanical or chemical engineering graduate and a member of either professional institute.

REWARD: High negotiable salary with good fringe benefits.

Apply in confidence. Ref. 110/233.

Hales & Hindmarsh Associates Ltd.,
Century House, 30/31 Jewry Street,
Winchester, Hants.
Telephone Winchester 66699

OXFORD OR CAMBRIDGE GRADUATE

Newly Qualified

required to join Production Planning Office in East Anglia. Opportunity to acquire basic planning and control skills in £2 million turnover consumer products company. Apply Company Secretary, E. R. HOLLOWAY LTD., Lavenham, Sudbury, Suffolk CO10 9QE. Tel.: Lavenham 461.

PA ADVERTISING

2 Albert Gate
Knightsbridge London SW1
Tal: 01-235 6060

REPLIES. Unless otherwise stated, please send comprehensive career details to the PA Advertising office indicated, quoting the reference number on the envelope. Replies which should not refer to previous correspondence with PA, will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent.

Sales/Marketing Executive

c. £6,000

A top flight salesman is required by an Organisation concerned with the improvement of efficiency and profitability in commerce and industry. The Company is already pre-eminent in its field, end now requires e high calibre man to promote the use of both practical facilities and consultancy services during a further period of expansion. A first class marketing background must be combined with personal qualities necessary to negotiate contracts at the highest level. Applicants must provide evidence of successful sales experience, preferably in consultancy or similer fields.

The requirements are exacting, but the rewards for satisfactory performance will be high, and will include excellent fringe benefits. Total compensation, including a bonus element, could exceed £6,000 per annum. Initial applications should contain only a brief summary of qualifications and experience.

(London Office: Ref. 1/H8280/ST Executive)

Group Financial Accountant

c. £5,500 + car

Our client is a highly successful and rapidly expanding public company with e number of subsidiaries and e group turnover in excess of £7m. This expansion has led to the creation of the new position of Group Financial Accountant, to be based in the Manchester area. His principal responsibilities will include the co-ordination of the procedures for preparing financial accounts throughout the group and their subsequent eppraisal and consolidation.

Candidates, aged 35-40, should be qualified accountants capable of operating on their own initiative and of organising end supervising a small group services team. Experience of consolidated accounts, cash management and management information systems is essential. Other important attributes ere commercial ecumen end flair *and some general management experience, with particular emphasis on the personnel function.*

This eppointment demends e man of considerable maturity and stature, for whom there ere good prospects of promotion to the group Board. The salary will be negotiated in the region of £5,500 p.a., plus e car end other fringe benefits, but this could be *higher for a man of outstanding ability.*

(Manchester Office: Ref. 2/D9285/ST Financial)

Replies to PA Advertising Limited, St. James's House, Charlotte Street, Manchester MI 4DZ.

Building Director

A leading company of specialist sub-contractors, having successfully developed its own building system, now hes a "*tiger by the tail*" with *rapidly* expanding sales. Current turnover of the division is £1.5m. This growth has created the need to make a senior appointment, reporting to the Managing Director, for its total building work. The new man, located in the North Midlands, *will direct the full range of activities from specification through to* completion with the *specific responsibility* of ensuring the commercial viability of all building contracts.

Applicants should be professionally qualified, aged under 45. Experience should include line responsibility for the handling of building contrects up to £¼m in both the commercial and industrial sector plus an awareness that *things get done* through people.

Salary is negotiable above £4,000, plus profit sharing, car and excellent fringe benefits.

(London Office: Ref. 3/C2357/ST Building)

Chief Accountant

London

c. £3,500

The U.K. operation of e leading international Company in the food industry requires an experienced and qualified Chief Accountant.

He will be responsible to the Chief Executive for all the financial and accounting functions and will be required to supervise a small staff who prepare reguler management reports and statements, and to exercise the usual internal control throughout the organisation. Experience of budgets, credit control and payrolls would be helpful. A commencing salary will be negotiated between £3,000 and £3,800 per annum.

(London Office: Ref. 4/K7235/ST Accountant)

Industrial Relations Manager

£3,500 +

A Personnel specialist who has had et least three years' industrial relations experience in e major manufacturing field would find this a challenging end rewarding appointment. A knowledge of work study and Incentive schemes would be valued. The preferred age range is 30 to 40.

He will be responsible for the full renge of labour relations work, including negotiation up to and at works conference level, in e severel thousand strong manufacturing division. He will also advise management on methods of improving the utilisation of labour.

The Company is e £multi-million engineering organisation end future progression could lead to e group personnel eppointment. Conditions of service are in line with the best lerge company practice and the location is in the Midlands.

The Company would also like to hear from younger men who would be interested in furthering their careers or receiving training in the IR function. (London Office: Ref. 5/K7234/ST Relations)

Group Expansion

We are a quoted holding company which, following changes in Board policy just over a year ago, revitalised its top menagement by promotion and recruitment. Having made considerable improvements in profitability by reorganisation, we are now planning for expansion; our plans are assisted by links with a leading Merchant Bank.

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COMPANY A

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COMPANY B Engineering and manufacturing, 300 works employees.

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COMPANY C Engineering, turnover £1m.+

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APPOINTMENTS INDEX

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The Engineering Administrative Manager will report to the Engineering Director and will be responsible for the administrative control and monitoring of all activities on new product designs from the drawing board to the production line. His staff of approximately 35 will prepare production drawings, investigate proposed design chenges and maintain engineering records. As secretary of important international committees he will be involved at high level in establishing product development programmes for the UK operation.

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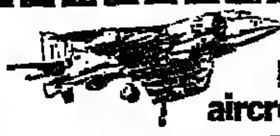

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Royal Air Force

SUNDAY TIMES BUSINESS NEWS

Sperry Rand in biggest ever computer deal

BY KEITH RICHARDSON, Industrial Editor

IN THE computer industry's biggest-ever merger Sperry Rand Corporation is to take over the sales and technology—but not the manufacturing facilities — of RCA's defunct computer operations, it was announced in New York late on Friday night.

The combined group will have world-wide computer sales of over $1 billion a year, putting it into the number two position just ahead of Honeywell-General Electric (which last year sold $860 million of computer equipment) although still far behind IBM's $7,500 million.

Neither of the two partners has a major direct presence in Europe (in contrast to Honeywell). But the move clearly indicates keener competition from Sperry Rand's Univac computer division, which has already won substantial European orders on the basis of its US Government-financed scientific and communications know-how (and was the airlines' favourite candidate for the London Airport Cargo System which the British Government insisted in passing to ICL).

The move may also give Siemens of Germany the chance to hang on to its RCA technology and thus diminish its interest in joining any ICL-headed European association.

The announcement, made by *Frank Forster of Sperry Rand* and RCA's Robert Sarnoff, said December 17 is the target date for signing a sales agreement. The proposed deal is that Sperry will pay $70 million in cash next January, plus a percentage (yielding another $30 to $60 million) of the following five years' profits.

Of RCA's 10,000 computer employees 4,000 have already been laid off following RCA's decision last September to pack in this highly unsuccessful operation. Only 2,500 will be transferred to Univac, mainly engineers, analysts, programmers and salesmen, together with RCA's leasing and maintenance contracts, test facilities and stock of spare parts.

In little over a year, at a time of extremely difficult trading conditions, the US computer industry has thus been transformed. In September 1970 the technology-minded General Electric, after losing $100 million on computers in four years, sold out to Honeywell whose salesmen have been the most consistently successful —after IBM—in the business.

The new merger will establish another group which is also clearly strong enough and aggressive enough to compete with IBM. The smaller US companies, Control Data, Burroughs and National Cash, are doing computer equipment business on a much smaller scale, comparable to Britain's ICL (sales £131 million) and may now feel impelled to take steps to protect their own position.

Davies takes over Euro-negotiations

INDUSTRIAL SECRETARY John Davies is preparing to take over the major role in negotiations with Europe from both the Foreign Office and the Treasury.

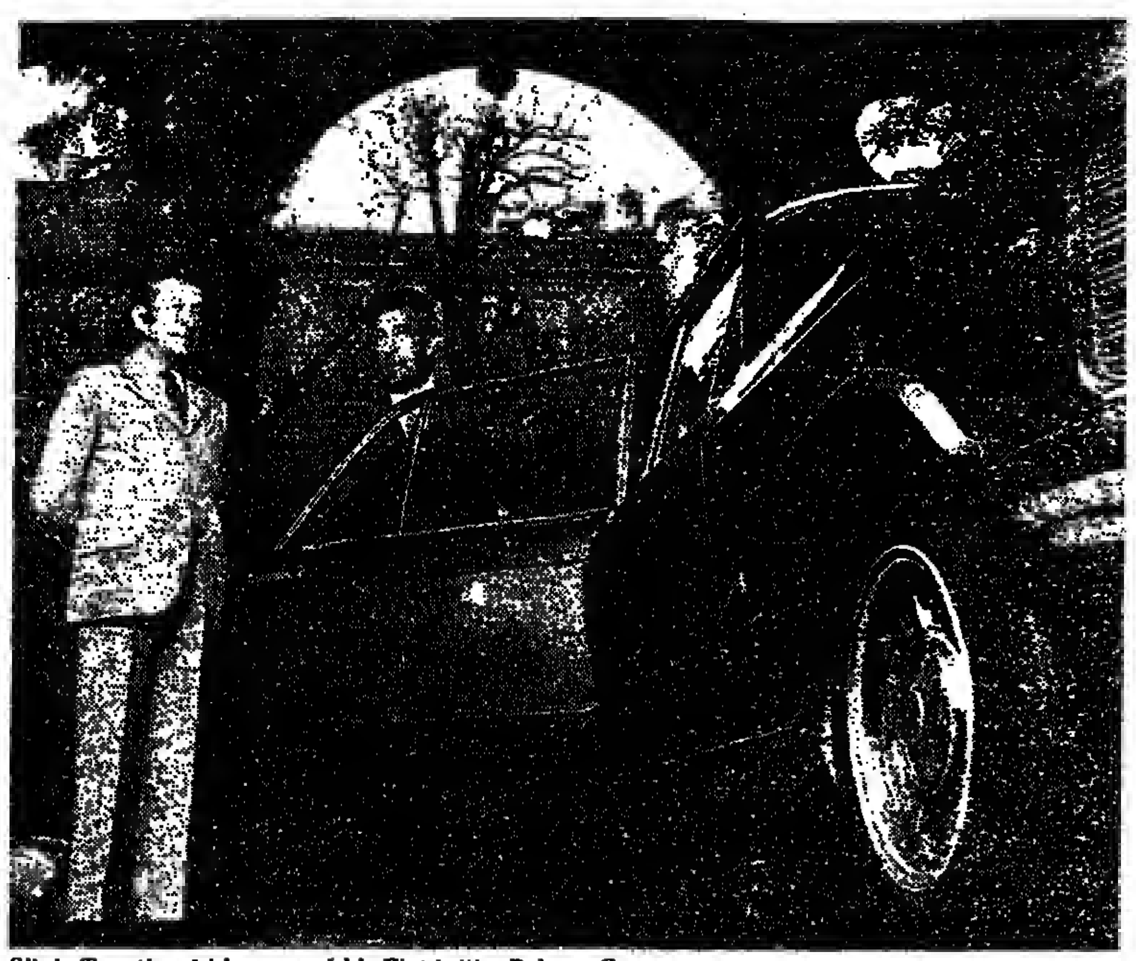
The crucial job of integrating industries, companies and all sections of the economy with the Common Market is to be passed to Davies' Department of Trade and Industry. As soon as Edward Heath has signed the formal Treaty of Accession next month Davies will set in being a broadly based European Division, with a team of officials headed by deputy secretary Roy Denman and under-secretaries Patrick Shovelton and Peter Preston.

Already the principal civil servants involved are commuting weekly between London and Brussels to prepare the plans for linking Britain into the complicated European industrial structure and to examine the legal, pricing, tax and marketing problems which will arise.

Because the already over-strained Davies will become the Cabinet's key member for streamlining Britain for Europe, the question is certain to arise as to whether the Prime Minister will ease the load by appointing a second Cabinet Minister for Trade and Industry.

The Department is developing two specific departments, one to help organise and advise British industries for their European role, and another to help individual companies which have no previous European experience.

James Margach



Silvio Turati and his son and his Fiat in the Palazzo Carpann

Watch out for the Mes drinkers

BY STEPHEN ARIS, Turin

TAKE A bunch of carefully selected Sicilian grapes, extract a white wine, add fortifying alcohol, sugar and, most important, a secret mixture of more than 60 herbs. Heat the resulting concoction to around 75 degrees C, then rapidly cool and you have a recipe not only for one of Italy's best-known drinks, a bitter tasting vermouth called Punt e Mes, but a formula that has been making large and steady profits for its owners for almost exactly 100 years.

So far, very few of these profits come from Britain, where Punt e Mes is almost unknown. Of the 18 million bottles of Italian vermouth drunk last year, Punt e Mes' share was about one fifth of 1%. But Carpano hopes to change all that. Last June it signed a marketing agreement with Bass Charrington, Britain's biggest brewers, who have worked wonders over the past five years for Vat 69 and Bacardi. Like these two, Punt e Mes is immensely strong on its home ground and, by exploiting this strength, Bass Charrington hope to stage a repeat performance. The target it has set itself is 300,000 bottles by 1973—quite a jump from the present level of 36,000 bottles.

That is for the future. For the present the firm remains a very Italian firm of the old school—tightly-run, family-dominated and very private. The headquarters of Carpann are to be found in a perfectly preserved 17th century baroque palace.

There beneath a heroic portrait of Vittorio Amadeo, an 18th century king of Sardinia, sits 83-year-old Silvio Turati who, with his son Achille, is the sole owner of Carpano. As the company is an *accomandita*, a limited private partnership, the profits or more than £350,000 a year flow to the Turati family alone.

Despite his aristocratic surroundings Silvio Turati remains very much in control of the company that has provided him with the bulk of his fortune. The family still has part of its original textile business, owns a share in a French bank and owns investment property in the South of France but Carpano remains the heart of the Turati empire. "I have not the slightest intention of selling," says Turati, though he admits there have been plenty of offers.

Originally Turati was a textile man. Throughout the Twenties business prospered, but by the outbreak of war he had realised that textiles was not a growth industry and began to cast about for alternatives. The break came in 1940 when the widow of the Carpano family offered the firm to him.

With the end of the war Carpano began to take off. Sales riding on the back of Italy's post-war boom, have multiplied three-fold since 1948. But the market for a product that cost 65% more than its nearest rival is not infinite, and for the last six years there have been signs that saturation point has been reached. Hence the growing emphasis on the export front.

A world seen, and ruled, from Texas

ANY OTHER BUSINESS

by Nicholas Faith

£ YOU KNOW, of course, that Texas is really only as big as Rutland? You didn't? Well then, you, like map-makers, visitors and the mass of observers over the past few hundred years, have been taken in by Texan salesmanship and have been persuaded that it is a pretty substantial place. This delusion, and not any nonsense about the American balance of payments, the price of gold, SDRs, or currencies floating dirtily around the international monetary scene (a new form of pollution?) are at the heart of the present worries about trade wars, the dollar crisis, the forthcoming slump and other topics which are making the fortune of economic pundits the world over. For the vital fellow in the present troubles is John Connally, now Secretary of the Treasury in a Republican administration, formerly Democratic Governor of (and archetypal wheeler dealer from) Texas.

Apart from their salesmanship, Texans are characterised by an extreme parochialism; they even teach Texan history in the school (fancy teaching the history of Rutland for a dozen years!), and their politicians tend to be larger than life. Connally's boss, R. Nixon, though a Californian goes along with the Texan way of life. In Washington this is known as "situational ethics," in other words, you invent a moral code to suit the electoral needs of the moment. No wonder European bankers, weighed down by the traditions of the centuries and by religious, capitalist, and even bankerly ethics (for there are such things, though they tend to boil down to the simple credo; thou shalt not steal everything, except possibly from the poor) are mystified. But you needn't be. Just think of the phrase "What's good for Texas (if bored substitute Rutland) is good for the capitalist world," and carry its implications through to American policy as a whole.

First thing to remember is that President Nixon wants to be re-elected in 1972, and John Connally wants to follow him in 1976 (his position is so strong that it's already rumoured he won't stand as vice-president in 1972 unless Nixon agrees to back him in 1976). To achieve this desirable aim, the pair of them have to deliver a massive economic recovery next year. And the foreign economic policy of the US Government has to play its due part in the recovery. That's it: that's what Connally's raw, brash huckstering around the world's financial captials is all about.

So you can forget any nonsense about the US's obligations to the rest of the world and any distinction between capitalist and Communist. Never mind if this makes enemies of all those countries—Germany and Japan especially —which have admired and imitated the Americans since the war; the long term results of the disillusion can be left till later, after the election. Never mind of friendship with the Communist world breaks every strategic embargo of the last 25 years and reverses a policy on which Nixon has based his whole political career.

In political terms this reversal has led to the rapprochement with China; in economic terms it is involving a series of massive deals with the Russians. These are both safe trading partners: for the jobs of good American voters making television sets or cars are not threatened by imports from some Russian Sony, or VW or Toyota (in those terms the British would also count as goodies since not many of our exports threaten American jobs).

£ For the principal enemies remain Japan's industry and the Common Market's agriculture. The American workers are up in arms about the threat from the East (even though it is, of course, to the West of the US a threat from hordes of inscrutable rice-eating underpaid Westerners just doesn't sound right somehow). The unions have even branded the Nixon rapprochement with China as part of a plot to flood the US with cheap Chinese-made goods. So it wouldn't be at all surprising if Japanese exports were forced down, by any and all sorts of protectionist devices.

The Americans could also screw the Common Market's agricultural policy: American farmers [...] traditionally Republicans, but [...] year they are highly aggr[...] and militant. They don't [...] protection. They need (and [...] get) improved outlets for [...] exports of the food they pr[...] so cheaply. Hence a massiv[...] year grain deal with Ru[...] hence, you may be sure, a [...] sive drive to get the Com[...] Market to admit more Amer[...] foodstuffs. That such a [...] could upset the Six's [...] Common Agricultural polic[...] neither here nor there.

But be of good cheer: no [...] Texan schemes work; George [...] another Texan has just ma[...] minded, as they say, the un[...] monious ejection of the US' [...] friend Taiwan from the UN [...] course in the macro, Nixo[...] overview this didn't ma[...] Taiwan had no votes. [...] even Texan bluff cannot dis[...] American financial problems [...] ever, so that some sacrifices [...] be necessary. These won't [...] be America's post war al[...] They could also be the US's m[...] companies.

Now, in proper Soci[...] theory, it is these far-flung [...] panies which dictate US po[...] But they have also contrib[...] greatly to the US's probl[...] They have exported vast sum[...] money (they sent nearly $2 bi[...] to Europe alone last year) w[...] didn't help the Amer[...] balance of payments. W[...] much of this money has [...] recently into establishing fa[...] ies making computer [...] ponents in Taiwan or radio [...] in Hong Kong, or any o[...] labour-intensive businesses [...] where where labour was ch[...] and the result of this swe[...] effort has flooded the Ameri[...] market.

£ So they could be v[...] vulnerable. For one th[...] the Republican party [...] often been the party of sm[...] rather than big business. A[...] of its support comes from c[...] panies which care as little ab[...] General Motors' foreign inter[...] as they do about the foreign [...] themselves. And, of course, [...] American working man rese[...] their activities abroad. So w[...] should Connally and Ni[...] worry about these compani[...] They don't care about the hea[...] of American capitalist imper[...] ism (or imperialist capitalism [...] that matter). They want vo[...] and there could be some [...] expected victims of this sing[...] minded desire. What's good [...] Texas (or Rutland) may not [...] good for General Motors, but w[...] cares?

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